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**FEDBANK FINANCIAL SERVICES LIMITED**

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## **1. Name, Objective and Term of the Plan**

- 1.1 This Plan shall be called the "Fedbank Financial Services Limited Employee Stock Option Plan 2018" ("**ESOP Plan**").
- 1.2 The objective of the ESOP Plan is to reward Employees (as defined below) for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this ESOP Plan to attract and retain talent in the organization. The Company views employee stock options as instruments that would enable the Employees to share the value, they create for the Company in the years to come.
- 1.3 The ESOP Plan is established with effect from \_\_\_\_\_ and shall continue to be in force until its termination by the Nomination and Remuneration Committee.

## **2. Definitions and Interpretation**

### **2.1 Definitions**

- (i) "**Abandonment**" with respect to an Employee, shall mean to abandon the Company without any notice or without the prior consent of the Company for a period equal to or more than 1 (one) month;
- (ii) "**Applicable Law**" means every law applicable to the Company or its business and affairs relating to Employee Stock Options, including, without limitation, the Companies Act, and all relevant tax, securities, exchange control or corporate laws of India;
- (iii) "**Board**" means the Board of Directors of the Company;
- (iv) "**Companies Act**" means the Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- (v) "**Company**" means 'Fedbank Financial Services Limited' a private limited company incorporated under the Companies Act, 1956 and having its registered office at Federal Towers, Alwaye, Ernakulam, Kerala- 683101, India;
- (vi) "**Company Policies/Terms of Employment**" mean the Company's policies applicable to the Employees from time to time and shall include the terms of employment as contained in the employment agreement/appointment letter of each Employee, which includes provisions for securing confidentiality and non-compete clause;
- (vii) "**Competing Business**" shall mean any business which is same or similar to the business of the Company, from time to time;

- (viii) **"Competitor"** shall mean any person or entity engaged in carrying on a Competing Business;
- (ix) **"Corporate Action"** means any bonus, stock split, buyback, reduction, consolidation, subdivision or reorganisation of share capital of the Company, including an amalgamation of the Company with any other entity;
- (x) **"Director"** means a member of the Board of the Company;
- (xi) **"Employee"** means (i) a permanent employee of the Company working in India; or (ii) a Director, whether a whole time director or not, but excludes: (a) an employee who is a promoter or a person belonging to the promoter group; or (b) a director or employee who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company;
- (xii) **"Employee Stock Option" or "Option"** means any class of options granted to an Employee, which gives such Employee the right, but not an obligation, to subscribe at a future date the shares underlying the option at a pre-determined price as per the terms and subject to the conditions set out in ESOP Plan;
- (xiii) **"ESOP Plan"** means this Employee Stock Option Plan under which the Company is authorized to grant Employee Stock Options to the Employees;
- (xiv) **"Exercise"** of an Option means expression of an intention by an Employee to the Company to acquire the Shares underlying the Options vested in him, in pursuance of the ESOP Plan, in accordance with the procedure laid down by the Company for Exercise of Options;
- (xv) **"Exercise Period"** means such time period as specified, after Vesting, within which the Employee is entitled to Exercise the Vested Options;
- (xvi) **"Exercise Price"** means the price payable by an Employee in order to Exercise the Options Granted to him in pursuance of the ESOP Plan to be determined by the NRC in accordance with the terms of this ESOP Plan;
- (xvii) **"Grant"** means the issue of Options to the Employees by issuance of the Grant Letter;
- (xviii) **"Grant Letter"** means the letter issued by the Company to each Option Grantee with respect to the Grant of Options to such Option Grantee, which shall also include additional terms and conditions in relation to the Options and the Shares to be issued to the respective Option Grantee upon Exercise of the Options;

- (xix) **"Nomination and Remuneration Committee" or "NRC"** means a committee constituted by the Board, in terms of the Companies Act and entrusted with the authority to formulate, implement and administer the ESOP Plan;
- (xx) **"Option Grantee"** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP Plan;
- (xxi) **"Permanent Disability"** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the NRC based on a certificate of a medical expert identified by the NRC;
- (xxii) **"Retirement"** means retirement as per the rules of the Company;
- (xxiii) **"Shareholder"** means: (i) True North Enterprise Private Limited, a company incorporated under the Companies Act, 2013 having its registered office at Rocklines House, 9/2 Museum Road, Bangalore – 560 001, India; and (ii) Federal Bank Limited, a company incorporated under the Companies Act, 1956 having its registered office at Federal Towers, PB-No 103, Alwaye Ernakulam Kerala 683101;
- (xxiv) **"Shares"** means equity shares of the Company having face value Rs. [•] per share or such other value as determined by the Company from time to time and/or securities convertible into equity shares and shall include equity shares of the Company arising out of the Exercise of Employee Stock Options granted under the ESOP Plan;
- (xxv) **"Transfer"** shall mean to directly or indirectly, sell, transfer, pledge, gift, encumber, deal with, dispose – off or create any other third party rights;
- (xxvi) **"Unvested Option"** means an Option which has not Vested in an Employee on account of: (i) the relevant Vesting Conditions not being satisfied as a result of which the Option Grantee has not become eligible to Exercise the Option; or (ii) such other reasons as maybe specified in this ESOP Plan.
- (xxvii) **"Vesting" or "Vest"** means earning by the Option Grantee of the right to Exercise the Employee Stock Options granted to him in pursuance of the ESOP Plan;
- (xxviii) **"Vesting Conditions"** means the conditions subject to which the Options Granted would Vest in an Option Grantee and shall include such other conditions as may be specified by the NRC from time to time;
- (xxix) **"Vesting Period"** means the period between the Grant of the Option and Vesting of the Option as per the terms of this ESOP Plan;

- (xxx) **"Vested Option"** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option; and

## **2.2 Interpretation**

In this ESOP Plan, unless the contrary intention appears:

- (i) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- (ii) a reference to a clause number is a reference to its sub-clauses;
- (iii) words in singular number include the plural and vice versa;
- (iv) words importing a gender include any other gender; and
- (v) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

## **3. Authority and Ceiling**

- 3.1 The NRC shall decide the number of Options to be issued to the Employees from time to time. Each such Option shall confer a right upon the Employee to apply for 1 (one) Share of the Company, in accordance with the terms and conditions of this ESOP Plan and the Grant Letter. Further, the NRC shall have the right to issue different classes of Options, and determine the terms of each such class of Options.
- 3.2 If an Option expires or becomes un-exercisable due to any reason, it shall become available for future Grants, subject to compliance with all Applicable Laws and terms hereof.

## **4. Administration**

- 4.1 The NRC shall consist of such number of Directors or other persons, as the Board of Directors may deem fit from time to time as required by the Companies Act. The NRC shall be entitled to invite any person to attend its meetings and participate in the discussion and deliberations if it so thinks fit. The NRC, in the exercise of its powers, may require any information from the Company, and/ or seek the assistance of any Employee of the Company as it may deem fit to fully and effectively discharge its duties.
- 4.2 The number of members of the NRC and their powers and functions can be specified, varied, altered or modified from time to time by the Board subject to the provisions of the Companies Act and other relevant regulations. The Board may further provide that the NRC shall exercise certain

powers only after consultation with the Board and in such case the said powers shall be exercised accordingly.

- 4.3 No member of the NRC shall be personally liable for any decision or action taken in good faith with respect to the ESOP Plan.
- 4.4 A member of the NRC shall abstain from participating in and deciding any matter relating granting of any Option to him.

## **5. Eligibility and Applicability**

Only Employees are eligible for being granted Employee Stock Options under ESOP Plan. The specific Employees to whom the Options would be Granted based on the satisfaction of criteria by such Employee would be determined by the NRC. The Employee may also designate nominees for the purpose of this ESOP Plan by filling up and duly signing the nomination form in **Schedule 1**.

## **6. No guarantee for continued service or other benefits**

- 6.1 Neither the ESOP Plan nor any Option shall confer upon any Option Grantee any right with respect to continuing the Option Grantee's relationship as Employee with the Company, nor shall it interfere in any way with his right or the Company's right to terminate such relationship at any time, for any reason whatsoever.
- 6.2 The grant of an Employee Stock Option does not form part of the Employee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment give such person any right, entitlement or expectation to have an Employee Stock Option granted to him/her in respect of any number of Shares or any expectation that an Employee Stock Option might be granted to him/her whether subject to any condition or at all.
- 6.3 Neither the existence of ESOP Plan nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he/she has or will in future have any such right, entitlement or expectation to participate in the ESOP Plan by being granted an Employee Stock Option on any other occasion.
- 6.4 The rights granted to an Employee upon the grant of an Employee Stock Option shall not afford the Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with any present or past member of the group or associated company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

- 6.5 The rights and obligations of an Employee under the terms of his contract of employment with any present or past member of the group or associated company shall not be affected by the grant of an Employee Stock Option or his participation in the ESOP Plan.

## **7. Vesting Conditions**

Subject to the compliance of Applicable Laws, the Vesting of Options would be conditional upon continued employment with the Company and there being no breach or violation of the Company's Policies/Terms of Employment and such other additional conditions (including performance parameters) as may be specified by the NRC, at any time (either before or after Granting of Options) from time to time. The number of Options granted to an Employee shall indicate the maximum Options that may Vest with an Employee and is subject to the provisions of this ESOP Plan and revision by the NRC from time to time. In addition to the aforesaid the additional specific Vesting conditions are mentioned in Annexure hereto.

## **8. Exercise**

- 8.1 The Options would be granted at an Exercise Price as specified in the Grant Letter issued to the Employee or as maybe specified by the NRC from time to time.
- 8.2 Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favor of the Company or in such other manner as the NRC may decide.
- 8.3 The Options can be Exercised as per the provisions outlined in the table below or in such other manner as may be determined by the NRC in its sole discretion:

<b>Exercise of the Vested Options</b>		
1	<b>While in Employment</b>	Can be Exercised within 10 years from date of Vesting of the Options
2	<b>Resignation / Termination (other than due to misconduct or breach of Company Policies/Terms of Employment)</b>	All the Vested Options as on the date of resignation/termination as per this provision shall be Exercisable by the Employee after the expiry of a period of [3 (three)] months from the last working day of such Employee with the Company (" <b>Post Termination Exercise Period</b> "). The said condition can be waived by the NRC at its discretion.
3	<b>Termination due to misconduct or due to breach of Company Policies/Terms of Employment</b>	All the Vested Options, which were not Exercised at the time of such termination, shall stand cancelled with effect from the date of such termination.



4	<b>Retirement / Early Retirement approved by the Company</b>	All Vested Options can be Exercised by the Option Grantee immediately after retirement but in no event later than 6 (Six) months from the date of such retirement.
5	<b>Death</b>	All Vested Options as on the date of death shall be Vested in the legal heirs or nominees of the Option Grantee and they may be Exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than 12 months from the date of death of the Option Grantee.
6	<b>Permanent Incapacity</b>	All Vested Options may be Exercised by the Option Grantee or, in case of his/her subsequent death, the nominee or legal heirs, immediately after, but in no event later than 12 months from the date of such incapacity.
7	<b>Abandonment**</b>	All the Vested Options shall stand cancelled on and from date of such Abandonment.
8	<b>Other Reasons Apart from those mentioned above</b>	The NRC shall, at its discretion, decide whether all the Vested Options as on such date can be Exercised by the Option Grantee or not, and such decision shall be final.

#### **Unvested Options**

1	<b>While in Employment</b>	The Unvested Options would continue to Vest as per the original vesting schedule subject to the terms and conditions hereof.
2	<b>Resignation / Termination (other than due to misconduct or breach of company policies/terms of employment)</b>	All Unvested Options on the date of such termination/resignation shall stand cancelled with effect from such date of termination/resignation.
3	<b>Termination due to misconduct or due to breach of policies or the terms of employment</b>	All Unvested Options on the date of such termination shall stand cancelled with effect from such date.
4	<b>Retirement / Early Retirement approved by the Company</b>	All Unvested Options shall stand cancelled as on the date of such retirement, unless otherwise determined by the NRC whose determination will be final and binding.
5	<b>Death</b>	All Unvested Options shall Vest immediately and can be Exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than 12 months from the date of death of the Option Grantee.
6	<b>Permanent Incapacity</b>	All Unvested Options shall Vest immediately and can be Exercised by the Option Grantee or, in case of his/her death, the nominee or legal heirs immediately after, but in no event later than 12 months from the date of such incapacity.

7	<b>Abandonment**</b>	All the Unvested options shall stand cancelled on and from date of such Abandonment.
8	<b>Other Reasons apart from those mentioned above</b>	All Unvested Options shall stand cancelled with effect from such date.

\*\* The NRC, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned.

- 8.4 If an Option Grantee desires to Exercise all or any part of his/her Vested Options, then the concerned Option Grantee shall during the Exercise Period, issue a letter to the Company in the format prescribed by the NRC ("**Exercise Application**"). The Company shall thereafter subject to the terms and conditions in this ESOP Plan and Applicable Law issue and allot Shares to the Option Grantee within a period of 120 (One hundred and twenty days) from the date of receipt of the Exercise Application by the Company. The original share certificates for the Shares allotted by the Company shall be maintained in the custody of the Company as per the mode identified by the NRC. In the event the Employee chooses not to exercise/partly exercise his/her right to subscribe to Shares pertaining to the Vested Options, then then Vested Options to the extent not Exercised shall lapse.
- 8.5 The Company shall, at the time of issue of such shares upon Exercise of Options, provide the Option Grantee with a letter of allotment in the format prescribed by the NRC ("**Letter of Allotment**") evidencing the issue of the Shares to the Option Grantee as per the terms hereof. The Option Grantee shall, prior to the issue of Shares, also execute a power of attorney in the format prescribed by the NRC ("**PoA**") entitling the persons identified by the NRC to execute all such documents and perform all such actions as are necessary for transfer of Shares allotted to the Employees as per the provisions hereof including dematerialization of the Shares, transfer of Shares pursuant to exercise of the Drag Along Right of the Shareholders etc. in accordance with the terms of the Grant Letter executed by the Option Grantee.

#### **8A. Cash Settlement of Vested Options**

The NRC may purely at its discretion, subject to the compliance of Applicable Laws, settle Vested Options in cash.

For this purpose, the NRC may decide the following:

- (i) The procedure and time frame for Exercise of Options;
- (ii) The price at which such Option shall be bought back by the Company;
- (iii) The time frame or window within which such offers shall be made to the Employees; and
- (iv) Other terms and conditions as the NRC may deem fit to facilitate such exit to the Employees.

## **9. Other Terms and Conditions**

- 9.1 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.
- 9.2 In the event of a Corporate Action the Option may be subject to such adjustment as may be deemed fit by the NRC in its discretion.
- 9.3 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee as per the terms hereof.
- 9.4 To the extent contemplated herein or the Grant Letter, the provisions of the ESOP Plan shall survive any exercise of the Employee Stock Option and shall remain in full force and effect.
- 9.5 The Option Grantee shall comply with the terms and conditions of his/her employment agreement/appointment letter and the Company's policies and other terms of his/her employment with the Company which shall include but shall not be limited to his/her non-compete and confidentiality obligations. In case the Option Grantee breaches the aforesaid conditions or any covenant in his/her employment agreement/appointment letter and/or the Company's policies, then the Company has undisputed right to cancel all Options granted to the Option Grantee with immediate effect. Further, the Shareholders shall have the right, at its sole discretion to purchase from the Option Grantee by itself and/or through/with its Affiliates, any or all the Shares, whether arising out of the Exercise of the Vested Options held by you or otherwise, at a price determined by the NRC. Upon exercise of the aforesaid option by the Shareholders, the Option Grantee shall sell all the shares of the Company held by him/her to the Shareholders in accordance with the directions of the NRC. The Option Grantee hereby agrees and undertakes to execute all agreements, documents, forms, instruments and perform all such actions as may be required for giving effect to the aforesaid provision for transfer of Shares to the Shareholders.
- 9.6 For the purposes of ESOP Plan, the Option Grantee's service with the Company shall not be deemed to terminate if he/she takes any sick leave, maternity leave or any other bona fide leave of absence approved by the Company. In the event the leave of absence is not in accordance with the aforesaid, it shall result in the termination of the Option Grantee's rights as per this ESOP Plan.

## **10. Restriction on transfer of shares**

- 10.1 None of the Employees shall Transfer any Shares acquired by the Employees on Exercise of the Options without the prior approval of the NRC. The NRC shall, at its discretion, permit the Transfer

of any or all the Shares acquired by the Employees on Exercise of the Options on such terms and conditions as it may deem fit, including but not limited to permitting Transfer to other Employees. Notwithstanding the aforesaid, no Employee shall Transfer any Shares acquired by the Employees on Exercise of the Options to a Competitor. Any Transfer of Shares required by the Employee on Exercise of Options shall also be subject to the terms and conditions of the Grant Letter.

- 10.2 Notwithstanding anything contained herein, any transfer of the Shares of the Company shall be subject to approval from governmental authorities as may be required for such Transfer and any such purported Transfer which is done without such required approval or is not in accordance with such approval, shall be void. Wherever a period has been specified for any Transfer and such Transfer requires an approval from any governmental authority, then notwithstanding the period specified in such respective Paragraph, the period for such transfer shall be exclusive of the time required to obtain the governmental approval(s).
- 10.3 Shares arising out of Exercise of Vested Option shall be subject to restrictions as laid out in the articles of association of the Company and/or as specified by the Board with respect to transfer of Shares, the terms of ESOP Plan and the Grant Letter.
- 10.4 The NRC may specify additional provisions relating to Transfer of Shares, and the restrictions and/or conditions governing the Transfer of Shares which provisions shall be read with the provisions of this ESOP Plan and shall be deemed to form an integral part of this ESOP Plan.
- 10.5 The Option Grantee who has been or may be allotted Shares, at any time, shall not be entitled to Transfer the same except in the manner specified in this ESOP Plan and the Grant Letter, and any purported Transfer which is in breach of the provisions hereof or the Grant Lettershall be void ab initio, and shall constitute a breach of the Company Policies/Terms of Employment.
- 10.6 The Employee Stock Option shall not be transferred by the Option Grantee in any manner without the prior written consent of the NRC.
- 10.7 The Option Grantee shall not be entitled to directly or indirectly sell, transfer, gift, exchange, pledge, encumber or create any third party right, title or interest of any nature whatsoever on any of the Shares or Options held by the Option Grantee without the prior written approval of the NRC. Further, the Option Grantee acknowledges that the Shareholders shall be entitled to exercise all their rights specified hereunder including specifically the Drag Along Right in respect of the Shares held by the Option Grantee, whether arising out of the Exercise of the Vested Options or acquired in any other manner whatsoever.
- 10.8 The Option Grantee agrees and undertakes that he/she shall provide full cooperation and undertake all actions as may be required by the Shareholders for the purposes of Transfer of Shares held by the Option Grantee in accordance with the provisions of this ESOP Plan including but not limited to providing customary representations, warranties and indemnities in relation to

the title of the Shares held by the Option Grantee and their authority and capacity to execute such documents as may be required to give effect to such Transfer.

#### 10.9 **Drag Along Right of the Shareholders**

Each Shareholder shall be entitled to a drag along right vis-à-vis the Option Grantee in respect of all the Shares held by the Option Grantee. Pursuant to the drag along right, the Shareholder exercising such right ("**Selling Shareholder**") shall be entitled to require the Option Grantee to sell such number of Shares held by the Option Grantee as may be required by the third party purchaser at the same price as the Shares being sold by the Selling Shareholder to the third party purchaser ("**Drag Along Right**"). Prior to the exercise of the Drag Along Right, the Selling Shareholder shall provide a written notice to Option Grantee of your intent to exercise the Drag Along Right ("**Drag Notice**"). Within 25 (twenty five) days of the receipt of the Drag Notice, Option Grantee shall offer such number of their Shares as required by the Selling Shareholder, for sale along with the sale of the Selling Shareholder's Shares.

#### 10.10 **Tag Along Right of the Employees ("Tag Along Right")**

- (i) In the event any Shareholder choose to sell a part or their entire shareholding in the Company to a third party purchaser for a value greater than INR 500 crores ("**Divesting Shareholder**"), the Divesting Shareholder shall at least 20 (twenty) days prior to the sale of shares by it issue a written notice to the Option Grantee ("**Employee Tag Notice**") informing the Option Grantee of the sale of shares by such Divesting Shareholder. Within 10 (ten) days of receipt of Employee Tag Notice by the Option Grantee, the Option Grantee shall have a right to either exercise the Tag Along Right or not exercise the same by issuing a response to the Employee Tag Notice ("**Employee Tag Response Notice**"). The number of Shares to be sold by the Option Grantee pursuant to the Tag Along Right shall be equal to proportionate number of Shares being sold by the Divesting Shareholder, provided however that, if the proposed sale of Shares by the Divesting Shareholder is likely to result in change of Control, then the Option Grantee shall have a right to tag along and sell all the Shares held by them in the Company in the manner provided below ("**Tag Along Shares**"). Upon the receipt of the concerned Employee Tag Response Notice and the documents/information as may be requested by the Divesting Shareholders, the Divesting Shareholders shall cause the proposed third party purchaser to purchase from the Option Grantee, the relevant Tag Along Shares, upon receipt of Employee Tag Response Notice and the documents/information requested by the Divesting Shareholder, on the same price per share as are specified in the Employee Tag Notice.
- (ii) If the Divesting Shareholder does not receive the Employee Tag Response Notice or the Option Grantee elects not to exercise the Tag Along Right or does not provide all the documents/information as requested by the Divesting Shareholder, within 10 (ten) days

from the date of receipt of the Employee Tag Notice by you, then the Option Grantee's Tag Along Right shall lapse and automatically stand terminated without any adverse consequence or liability of any nature whatsoever to the Divesting Shareholder and the Divesting Shareholder shall be entitled to freely sell its shares to the third party purchaser.

10.11 The Option Grantee agrees, acknowledges, confirms and covenants that he/she shall continue his/her employment with the Company for a period of 18 (eighteen) months after sale of Shares by the Divesting Shareholder in accordance with the provisions specified above ("**Transition Period**"), and his/her payout for the sale of relevant Tag Along Shares would be in the following manner:

- (a) 50% (fifty percent) of total consideration for the relevant Tag Along Shares (post tax) to be paid to the Option Grantee at time of sale of the relevant Tag Along Shares as set out in Clause 10.10 above; and
- (b) The balance 50% (fifty percent) of total consideration for the relevant Tag Along Shares (post tax) ("**Balance Payout**") shall be paid to the Option Grantee upon expiry of the Transition Period, subject to the following:
  - (i) There shall not be any additional performance-based criteria on Employee's Tag Along Shares (other than any conditions imposed on the Divesting Shareholder);
  - (ii) the Option Grantee shall have to be in continuous employment of the Company during the Transition Period to be eligible for the Balance Payout on the expiry of the Transition Period;
  - (iii) If the Option Grantee is asked to leave without cause by the new owner of the Company, then the Balance Payout (upon expiry of the Transition Period) would be payable to the Option Grantee; and
  - (iv) If the Option Grantee is asked to leave for cause or leaves on his/her own accord during the Transition Period, then the Employee shall not be entitled to any portion of the Balance Payout.

10.12 The Option Grantee hereby agrees and undertakes that the Divesting Shareholder shall be entitled to receive, for holding in escrow/custody, the consideration or any part thereof from the sale of the Tag Along Shares and release the same in his/her favor in accordance with the provisions of Clause 10.11 above. In the event the amount specified above which is to be held in escrow/custody is directly received and held by the Option Grantee for any reason whatsoever, then the Divesting Shareholder shall have a lien on the same.

## **11. Taxation**

The Company shall have no obligation to deliver Shares until the Company's tax obligations relating to Employee Stock Option, if any, of the respective Option Grantee, have been satisfied by the Option Grantee. At the time the Employee Stock Options are exercised, in whole or in part, or at any time thereafter, the Company shall be entitled to and the Employee hereby authorizes the Company to withhold from payroll and any other amounts payable to the Employee, and otherwise agrees to make adequate provision for any sums required to satisfy the tax obligation of the Company, if any, which arise in connection with the Employee Stock Option, including obligations arising upon (i) the Exercise of the Employee Stock Option, and/or (ii) the Transfer or subscription, of any Shares acquired upon Exercise of the Employee Stock Option

## **12. Disclosure and Accounting Policies**

The Company shall comply with the disclosure and the accounting policies prescribed as per "Guidance Note on Accounting for Employee Share-Based Payments" issued by Institute of Chartered Accountants of India (ICAI) any modifications or reenactments thereof.

## **13. Authority to vary terms**

- (i) Subject to the Companies Act, the NRC in consultation with the Board of Directors of the Company in its absolute discretion may from time to time amend, alter or terminate the ESOP Plan or any Grant or the terms and conditions thereof, provided that no amendment, alteration or termination in any Grant previously made may be carried out, which would impair or prejudice the rights of the Option Grantee without the consent of the Option Grantee.
- (ii) Without prejudice to the above, the NRC/ Board of Directors, may, without any reference to or consent of the Employee concerned, amend the ESOP Plan or Grant to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this ESOP Plan

## **14. Miscellaneous**

- 14.1 The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares.
- 14.2 The grant of an Employee Stock Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment or Company Policies/Terms of Employment nor does the existence of a contract of employment between any person and the

Company give such person any right or entitlement to have an Employee Stock Option granted to him in respect of any number of shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.

- 14.3 Neither the existence of this ESOP Plan nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he/she has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Employee Stock Option on any other occasion.
- 14.4 The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not provide the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his/her office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 14.5 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he/she may suffer by reason of any termination of his/her employment with the Company or being unable to exercise an Employee Stock Option in whole or in part for any reason whatsoever and the Option Grantee hereby waives any right that he/she may have in this regard.

## **15. Notices**

All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP Plan shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee to the Company in respect of ESOP Plan shall be sent to the address mentioned below:

Name: Fedbank Financial Services Limited

Address: Corporate Avenue, First Floor, Capital E/2 Wing, Unit No. 105, Andheri Ghatkopar Link Road, Guru Hargovindaji Marg, Andheri (E) Mumbai 400093

Email: [anil.kothuri@fedfina.com](mailto:anil.kothuri@fedfina.com)

Attention: Anil Kothuri

## **16. Governing Law and Jurisdiction**

- 16.1 The terms and conditions of the ESOP Plan shall be governed by and construed in accordance with the laws of India.
- 16.2 The Courts of Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP Plan.
- 16.3 Nothing in this Paragraph will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP Plan:

- (i) in any other court of competent jurisdiction; or



(ii) concurrently in more than one jurisdiction.

## **17. Income Tax Rules**

The Income Tax Laws and Rules in force will be applicable.

**SCHEDULE 1**  
**NOMINATION FORM**

Date: <<.....>>

From:

<<**Name**>>

<<Employee Code>>

<<Designation>>

<<Department>>

To:

**Board of Directors**

**Fedbank Financial Services Limited**

Dear Sir,

In respect of the stock options granted to me under the **Fedbank Financial Services Limited Employee Stock Option Plan 2018 ("ESOP Plan")**, I hereby appoint my Nominee in accordance with the ESOP Plan. The details of the nomination are as follows:

<b>Name of the Employee in full</b>	
<b>NOMINEE DETAILS</b>	
Name in full	
Relationship with the Employee, if any	
Address	
Date of Birth	
Guardian (in case nominee is a minor)	
<b>GUARDIAN DETAILS</b>	
Name in Full	
Relationship with Nominee, if any	
Address	

Yours Faithfully,

\_\_\_\_\_  
Signature

Name:

## **Annexure**

### **Grant and Vesting Schedule & Additional Conditions**

#### **Class A Option Grantee**

1. 100% of the Options shall be performance linked and may Vest in 6 (six) installments starting from [•] in such manner as maybe determined by the NRC. No Vesting of any Options shall take place in favour of the Employee unless 1 (one) year has elapsed from the date of its Grant. Notwithstanding the above, the NRC shall have absolute discretion to extend or shorten the Vesting Period or to determine the number of Options and installments in which the Options may Vest in the Employee. The Options shall be deemed to have been Granted to the Employee on the date of acceptance of the terms of the Grant Letter by the concerned Employee.
2. The performance parameters for the concerned Employees will be defined by the Managing Director and Chief Operating Officer of the Company along with the annual plan.
3. Where on a transaction involving sale of the shares of the Company by either or both the Shareholders, if the transaction value is greater than INR 500 crores ("**Partial Exit**"), then the Employee shall be entitled to Exercise his/her Options which are already Vested as on the date of the Partial Exit. The Options which have not Vested until the date of Partial Exit shall be dealt with in the manner determined by the NRC.
4. Notwithstanding anything contained in this Annexure, the Vested Options may also be settled in accordance with Paragraph 8A of the ESOP Plan.

#### **Class B Option Grantee**

1. 60% of the total Options shall be performance linked and may Vest in 6 (six) instalments starting from [•] in such manner as maybe determined by the NRC. No Vesting of any Options shall take place in favour of the Employee unless 1 (one) year has elapsed from the date of its Grant. Notwithstanding the above, the NRC shall have absolute discretion to extend or shorten the Vesting Period or to determine the number of Options and installments in which the Options may Vest in the Employee.

The performance parameters for the concerned Employees will be defined by the Managing Director.

2. 15% of the total Options shall be time-linked and may Vest in 6 (six) instalments starting from [•] in such manner as maybe determined by the NRC. No Vesting of any Options shall take place in favour of the Employee unless 1 (one) year has elapsed from the date of its Grant. One of the criteria for determination of the number of Options which would Vest in a particular year would be the time spent by an Employee in the Company as on the date of determination of the Vesting.

Notwithstanding the above, the NRC shall have absolute discretion to extend or shorten the Vesting Period or to determine the number of Options and installments in which the Options may Vest in the Employee.

3. Notwithstanding anything contained in this Annexure, the Vested Options may also be settled in accordance with Paragraph 8A of the ESOP Plan. Unvested portion of each year's time linked or performance linked Options will lapse and go back into the ESOP pool of the respective Option Grantee. The NRC shall have absolute discretion to further grant Options that have lapsed into the ESOP pool.
4. 25% of the total Options shall be long term outcome linked Options and shall Vest in FY 2024 ("**LTO Vesting Date**") in the following manner, provided however that the long term linked Options may Vest even prior to FY 2024 in the event the conditions of Partial Sale (as defined below) as mentioned below are fulfilled:

<b>Secondary transaction &gt;500 crores</b>	<b>Price range</b>	<b>% of Long term outcome options vest</b>
Price increase per year	Annual increment of 25% over the FY19 per share price	25%
	Annual increment of 15-25% over the FY19 per share price	15%
	Annual increment of <15% over the FY19 per share price	0%

For each of the Class B Option Grantee, the Options shall be deemed to have been Granted to the Employee on the date of acceptance of the terms of the Grant Letter by the concerned Employee.

On sale of shares of the Company, for a transaction value greater than INR 500 crores which results in the either or both Shareholders partially selling their stake in the Company ("**Partial Sale**"), the long term outcome linked Options shall Vest in the Employee and the Employee shall be entitled to Exercise all his/her Vested performance linked Options and Vested time linked Options (i.e. Vested performance linked and time linked Options as on the date of the Partial Sale) and the long term outcome linked Options as specified in this paragraph 4 ("**Determined Options**"). The Exercise of the Determined Options by the concerned Employee shall be in proportion to the shareholding proposed to be sold by the concerned selling Shareholder pursuant to the Partial Sale. For example, if the concerned selling Shareholder(s) transfer 40%

(forty percent) of its/their shareholding as a part of Partial Sale, then 40% (forty percent) of the Determined Options shall be Exercised immediately by the concerned Employee. The Unvested performance linked and time linked Options shall be dealt with in the manner determined by the NRC.

Notwithstanding anything contained in this ESOP Plan or the Grant Letter, the NRC shall at all times be entitled to increase or decrease the number of Options Granted or to be Granted to the Employee or even alter the percentage of Options Granted or to be Granted to the Class B Option Grantee as Performance Linked Options or Time Linked Options or Long Term Outcome Linked Options.

The Vesting conditions as mentioned in this Annexure are in addition to the Vesting Conditions mentioned in paragraph 7 hereto and such other conditions as may be specified by the NRC from time to time.