



**Bandhan**  
Bank

## **EMPLOYEE STOCK OPTION PLAN**

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**1. Name, Objectives and Term of the ESOP Plan Series 1**

- 1.1 This Employee Stock Option Plan shall be called the 'Bandhan Bank Employee Stock Option Plan Series 1' ("**ESOP Plan Series 1**").
- 1.2 The ESOP Plan Series 1 as originally envisaged has come into force on 26<sup>th</sup> November, 2017. Subsequently, the Bank had issued its initial public offer and listed its Shares on 27<sup>th</sup> March, 2018 on the recognised Stock Exchange. Thereafter, ESOP Plan Series 1 has been ratified to comply with the provisions of the SEBI SBEB Regulations, and amended simultaneously on 28<sup>th</sup> June, 2019 with a view to increase the aggregated number of Options.
- 1.3 Subsequently, this ESOP Plan Series 1 has been amended pursuant to the Scheme of Amalgamation approved by the National Company Law Tribunals ("**NCLTs**") of Ahmedabad Bench and Kolkata Bench, vide their order dated September 18, 2019 and September 27, 2019 respectively, amongst the GRUH Finance Limited ("**Transferor Company**") with the Bandhan Bank Limited ("**Transferee Company**" / "**Bank**") and their respective shareholders. The Transferor Company prior to the Scheme of Amalgamation had implemented the "Employee Stock Option Scheme 2015" ("**GRUH ESOS-2015**") and were granted employee stock options to its eligible employees. In consonance with the Scheme of Amalgamation, the GRUH ESOS-2015 and employee stock options which were granted under it have become redundant. Subsequently, in accordance with the Scheme of Amalgamation, Transferee Company has amended this ESOP Plan Series 1 and sought to grant revised quantum of Options with the revised Exercise Price to employees of the Transferor Company, to whom old employee stock options had granted under the GRUH ESOS-2015, as a measure of fair and reasonable adjustment and with a view to restore the value of Options pre and post amalgamation. All the terms and conditions of ESOP Plan Series 1 to the extent required under the Scheme of Amalgamation read with provisions of Applicable Laws have been made identical with that of (and which are not less favourable than) the GRUH ESOS-2015.

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- 1.4 The underlying philosophy of ESOP Plan Series 1 is to create the perception of inclusiveness and recognizing the contribution of the employees of the Bank and to enable the Employees, present and future, to get a share in the value that they help to create for the organization over a period of time. The Bank strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. The objectives of ESOP Plan Series 1 are, among others, to attract and retain critical senior talents with Employee Stock Options as a compensation tool. Through ESOP Plan Series 1, the Bank intends to offer an opportunity of sharing the value created with those Employees who have contributed or are expected contribute to the growth and development of the Bank.
- 1.5 Employee Stock Options shall be granted under this ESOP Plan Series 1 from time to time until conclusion of its term and the terms and conditions of each individual Grant shall be determined by the Nomination and Remuneration Committee within the framework specified herein.
- 1.6 The ESOP Plan Series 1 shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOP Plan Series 1 have been issued and exercised, whichever is earlier.

## **2. Definitions and Interpretations**

In this ESOP Plan Series 1, unless the context clearly indicates a contrary intention, the following words or expressions shall have the meaning assigned herein:

### **2.1 Definitions**

- i. **“Applicable Laws”** means every law relating to Employee Stock Options, to the extent applicable, including and without limitation to the Companies Act, the Banking Regulation Act, 1949, as amended, and all relevant tax, securities, exchange control or corporate laws or

amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction. Furthermore, subsequent to Listing shall mean to include, the Securities and Exchange Board of India Act, 1992, SEBI SBEB Regulations along with any other regulations and rules as may be applicable or circulars, notifications issued thereunder or by any Stock Exchange on which the Shares would be listed or quoted.

- ii. **"Bank"** means Bandhan Bank Limited, a company incorporated under the provisions of the Companies Act and registered with Reserve Bank of India as a scheduled commercial Bank having corporate identification number L67190WB2014PLC204622 and its registered office at DN-32, Sector V Salt Lake, Kolkata, West Bengal-700091, India.
- iii. **"Bank Policies/Terms of Employment"** mean the Bank's policies for employees and the terms of employment as contained in the Employment Letter and any other rules / bye-laws issued from time to time.
- iv. **"Board"** means the Board of Directors of the Bank.
- vii. **"Companies Act"** means the Companies Act, 2013, furthermore the rules made thereunder, and includes any statutory modifications or re-enactments thereof.
- viii. **"Director"** means a member of the Board of the Bank.
- ix. **"Eligibility Criteria"** means the criteria as may be determined from time to time by the Nomination and Remuneration Committee for granting the Employee Stock Options to the Employees.
- x. **"Employee"** means (i) a permanent employee of the Bank, working in or out of India; or (ii) a whole-time or executive Director of the Bank, **but excludes:**
  - a) an Employee, who is a Promoter or belongs to the Promoter Group;
  - b) an Independent Director; and

- c) any such Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Bank.

**Explanation:** Pursuant to the Scheme of Amalgamation, all the permanent employees of the Transferor Company have become the permanent employees of the Bank. Consequently, the aforesaid definition of the "Employee" shall also cover employees of the Transferor Company.

- xi. **"Employee Stock Option"** means an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date Shares underlying such option at a pre-determined price.
- xii. **"Employment Letter"** means a letter appointing a person as an employee of the Bank and giving out the terms and conditions of such employment.
- xiii. **"ESOP Plan Series 1"** means the Bandhan Bank Employee Stock Option Plan Series 1 under which the Bank 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 Bank to subscribe/ purchase the Shares underlying the Options vested in him, in pursuance of the ESOP Plan Series 1, in accordance with the procedure laid down by the Bank for Exercise of such Options.
- xv. **"Exercise Period"** means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP Plan Series 1.
- xvi. **"Exercise Price"** means the price approved by Nomination and Remuneration Committee being payable by an Employee in order to exercise the Options granted to him in pursuance of the ESOP Plan Series 1.

- xvii. **"Fair Market Value"** means the fair market value of a Share, as determined by a registered valuer or independent valuer as required under the Companies Act.
- Provided that** upon Listing, the term 'Fair Market Value' shall refer to the term "Market Price" as defined in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- xviii. **"Grant"** means issue of Options to the Employees under the ESOP Plan Series 1.
- xix. **"Independent Director"** means an Independent Director within the meaning of Section 149(6) of the Companies Act read with the Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xx. **"Listing"** means the listing of the Bank's Shares on any recognized Stock Exchange as per Applicable Laws.
- xxi. **"NCLT"** or **"NCLTs"** means the National Company Law Tribunal of the Ahmedabad Bench and Kolkata Bench, having jurisdiction in relation to the GRUH Finance Limited ("Transferor Company"), Bandhan Bank Limited ("Transferee Company") and as referred to in the Scheme of Amalgamation.
- xxii. **"Committee"** means the Nomination and Remuneration Committee of the Board, as constituted or reconstituted from time to time to administer and supervise the employee stock option plans of the Bank including this ESOP Plan Series 1, comprising of such members of the Board as provided under Section 178 of the Companies Act to act as compensation committee under Regulation 5 of the SEBI SBEB Regulations.
- xxiii. **"Option"** means an Employee Stock Option within the meaning of this ESOP Plan Series 1.
- xxiv. **"Option Grantee"** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP Plan Series 1 and shall

deem to include nominee/ legal heir of an Option Grantee in case of his/her death to the extent provisions of the ESOP Plan Series 1 are applicable to such nominee/ legal heir.

xxv. **"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 Committee based on a certificate of a medical expert identified by the Nomination and Remuneration Committee.

xxvi. **"Promoter"** means:

- (i) who has been named as such in a prospectus or is identified by the Bank in the annual return;
- (ii) who has control over the affairs of the Bank, directly or indirectly whether as a shareholder, Director or otherwise; or
- (iii) in accordance with whose advice, directions or instructions the Board is accustomed to act:

**Provided that** nothing in Sub-clause (iii) shall apply to a person who is acting merely in a professional capacity.

**Provided further that** upon Listing, the term "Promoter" defined hereinabove shall have meaning as defined in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

xxvii. **"Promoter Group"** means (a) an immediate relative of the Promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons whose Shareholding is aggregated for the purpose of disclosing 'shareholding of the promoter group' in the offer document.

**Provided that** upon Listing, the term "Promoter Group" defined hereinabove shall have meaning as defined in the Securities and Exchange



Board of India (Share Based Employee Benefits) Regulations, 2014.

- xxviii. **"Retirement"** means retirement as per the rules of the Bank.
- xxix. **"Scheme of Amalgamation"** shall mean the scheme of amalgamation between the Gruh Finance Limited ("Transferor Company"), Bandhan Bank Limited ("Transferee Company") and their respective shareholders, as approved by the NCLT vide their order dated September 18, 2019 and September 27, 2019 respectively, and deems to include any amendments effected in due compliance with Applicable Laws.
- xxx. **"SEBI SBEB Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended and reenacted from time to time and includes any clarifications or circulars issued thereunder.
- xxxi. **"Shares"** means equity shares of the Bank having face value of Rs.10 each and arising out of the Exercise of Employee Stock Options granted under the ESOP Plan Series 1.
- xxxii. **"Stock Exchange"** means the National Stock Exchange of India Ltd., BSE Ltd., or any other recognized Stock Exchange in India on which the Bank's Shares are listed or to be listed in future.
- xxxiii. **"Transferee Company"** means the Bank within the meaning of this ESOP Plan Series 1.
- xxxiv. **"Transferor Company"** means the GRUH Finance Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at "Gruh", Netaji Marg, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad, Gujarat, 380 006.
- xxxv. **"Unvested Option"** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.

xxxvi. **"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 subject to fulfillment of Exercise conditions.

xxxvii. **"Vesting"** means the process by which the employee becomes entitled to receive the benefit of a grant made to him under the ESOP Plan Series 1.

xxxviii. **"Vesting Condition"** means the condition prescribed if any subject to satisfaction of which the Options granted would vest in an Option Grantee.

xxxix. **"Vesting Period"** means the period during which the Vesting of the Option granted to the Employee, in pursuance of the ESOP Plan Series 1 takes place.

## 2.2 Interpretation

In this ESOP Plan Series 1, unless the contrary intention appears:

- a) the clause headings are for case of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender; and
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

Words and expressions used and not defined here but defined in the Companies Act, Securities Contracts (Regulation) Act, 1956, SEBI SBEB Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in

those legislation, as the context requires.

### 3. Authority and Ceiling

- 3.1 The shareholders of the Bank, in their general meeting held on June 28, 2019 has authorised the Nomination and Remuneration Committee to grant up to 5,47,57,052 (Five Crore Forty Seven Lakh Fifty Seven Thousand Fifty Two) Employee Stock Options to the Employees, which includes 22,20,725 (Twenty Two Lakh Twenty Thousand Seven Hundred Twenty Five) options approved earlier for grant vide members special resolutions dated November 26, 2017 and December 20, 2017, under the ESOP Plan Series 1, being exercisable into not exceeding 5,47,57,052 (Five Crore Forty Seven Lakh Fifty Seven Thousand Fifty Two) equity shares of a face value of Rs. 10/- each fully paid-up, with each such Option conferring a right upon the Employee to be issued one Share of the Bank, in accordance with the terms and conditions of such Grant.
- 3.2 The maximum number of Options that may be granted to each Employee shall vary depending upon the designation and the appraisal/assessment process, however shall be lesser than one percent of issued capital (excluding outstanding warrants and conversions) of the Bank per eligible Employee. However, the Nomination and Remuneration Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee within this ceiling.
- 3.3 If an Employee Stock Option expires or becomes un-exercisable due to any other reason, it shall become available for future Grants, subject to compliance with all Applicable Laws.
- 3.4 In case of a Share split where the face value of the Shares is reduced below Rs. 10 (Ten), the maximum number of Options available for being granted under ESOP Plan Series 1 shall stand increased accordingly, so as to ensure that the cumulative face value (number of Shares x Face value per share) of the total Shares

after such Share split remains unchanged.

- 3.5 Prior approval of shareholders by way of special resolution in the general meeting shall be obtained in case the Grant of Options to any identified Employee is equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant of Option.

#### **4. Administration**

- 4.1 The ESOP Plan Series 1 shall be administered by the Nomination and Remuneration Committee. All questions of interpretation of the ESOP Plan Series 1 shall be determined by the Nomination and Remuneration Committee and such determination shall be final and binding upon all persons having an interest in the ESOP Plan Series 1.
- 4.2 The administration of ESOP Plan Series 1 shall include, but not be limited to determination of the following as per provisions of the ESOP Plan Series 1 and Applicable Laws:
- a) The procedure for Option allocation and the specific quantum of Options to be granted under the ESOP Plan Series 1 to the Employees, subject to the ceilings as specified in Sub-clauses 3.1 and 3.2 respectively;
  - b) The Eligibility Criteria for Grant of Options to the Employees;
  - c) Vesting schedule of Options granted;
  - d) Vesting Condition(s) of Options granted;
  - e) The procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Nomination and Remuneration Committee:

- (i) the number and the price of Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action; and
  - (ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees;
- f) The procedure and terms for the Grant, Vesting and Exercise of Employee Stock Option in case of Employees who are on long leave;
  - g) The conditions under which the Options granted in Employees may lapse in case of misconduct, whether resulting in termination of employment or not, or commission of act on part of Option Grantee resulting in adverse impact on the Bank;
  - h) Mode of payment of the Exercise Price (cheque, demand draft, deduction from salary, or any other mode);
  - i) The procedure for cashless Exercise of Employee Stock Options, if required; and
  - j) Forms, writings and/or agreements for use in pursuance of the ESOP Plan Series 1.
- 4.3 The Nomination and Remuneration Committee shall ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Bank and the Employees, as applicable.

## 5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being granted Employee Stock Options under ESOP Plan Series 1. The specific Employees to whom the Options would be granted and their Eligibility Criteria would be determined by the Board and recommended to the Nomination and Remuneration Committee. The Grants to be made to the Directors shall be determined by the Nomination and Remuneration Committee and, where appropriate, would be sent to the Reserve Bank of India for its approval.
- 5.2 The ESOP Plan Series 1 shall be applicable to the Bank.
- 5.3 The Employee Stock Options granted to an Employee shall be subject to the terms and conditions set forth in this ESOP Plan Series 1 and letter of Grant.

## **6. Grant and Acceptance of Grant**

### **6.1 Grant of Options**

Each Grant of Option under the ESOP Plan Series 1 shall be made in writing by the Bank to the eligible Employees in a letter of Grant as may be approved under ESOP Plan Series 1 from time to time.

### **6.2 Acceptance of the Grant**

- a) Any Employee who wishes to accept the grant made under this ESOP Plan Series 1 must deliver to the Bank a duly signed acceptance of the letter of Grant on or before the date ("Closing Date") which shall not be more than 60 days from the date of the Grant, as specified in the letter of Grant. On receipt by the Bank of the signed acceptance, the Employee will become an Option Grantee.
- b) Any Employee who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above shall be deemed to have rejected the Grant unless the Board, or where authorized, the Compensation Committee determines otherwise.
- c) Upon acceptance of the Grant in the manner described above, the Employee

henceforth as an Option Grantee, shall be bound by the terms, conditions and restrictions of the ESOP Plan Series 1 and the letter of Grant. The Option Grantee's acceptance of the Grant of Options under the ESOP Plan Series 1, within the time period provided, shall constitute an agreement between the Option Grantee and the Bank, to the terms of this ESOP Plan Series 1 and the Grant document.

**7. Vesting Schedule/ Conditions**

- 7.1 Options granted under ESOP Plan Series 1 shall vest within the minimum period of One (1) year and maximum period of Four (4) years from the date of Grant of such Options.

**Provided that** in case where Options are granted by the Bank under the ESOP Plan Series 1 in lieu of options held by a person under a similar plan in another company (Transferor Company) which has merged or amalgamated with the Bank, the period during which the options granted by the Transferor Company were held by him may be adjusted against the minimum Vesting Period required under this Sub-clause, at the discretion of the Nomination and Remuneration Committee.

- 7.2 Vesting of Options would be subject to continued employment with the Bank and has not served any notice of resignation. In addition to this, the Board may also specify certain performance criteria subject to satisfaction of which the Options would vest.
- 7.3 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the document(s) given to the Option Grantee at the time of Grant of Options.

**8. Exercise**

**8.1 Exercise Price**

- (a) The Exercise Price shall be determined by the Nomination and Remuneration Committee and shall be equal to the Fair Market Value of

Share as on date of Grant of Options.

## 8.2 Exercise Period

### (a) While in employment/ service

The Exercise Period in respect of a Vested Options shall be **Five (5) years** from the date of Vesting of such Options. An employee can exercise all the options vested in him, at one time or at various points of time within the exercise period.

**Provided that** by virtue of the Scheme of Amalgamation, the Employee shall have to complete or serve minimum 3 (Three) years in the Bank before Exercise of his/her Vested Options unless otherwise specifically exempted by the Nomination and Remuneration Committee.

**Provided further that** the period, during which the Employee has served under the employment of the Transferor Company, shall also be considered while calculating the above-stated 3 (Three) years.

- (b) **Exercise Period in case of separation from employment/ service:** The Vested Options can be exercised by the Option Grantee subject to treatment of Unvested Options as per provisions outlined herein below:

S. No.	Separations	Vested Options	Unvested Options
1	<b>Resignation / Termination</b> (other than due to misconduct or breach of Bank Policies / Terms of Employment)	All the Vested Options as on date of submission of resignation/ date of termination shall be exercisable by the Option Grantee before his last working day, or before the expiry of the Exercise Period, whichever is earlier.	All the Unvested Options on the date of submission of resignation / date of termination shall stand cancelled with effect from that date.
2	<b>*Termination due to misconduct or due</b>	All the Vested Options which were not exercised at the time of	All the Unvested Options on the date of such termination shall



	to breach of Bank Policies / Terms of Employment)	such termination shall stand cancelled with effect from the date of such termination.	stand cancelled with effect from the termination date.
3	Retirement / early Retirement approved by the Bank	All Vested Options can be exercised by the Option Grantee immediately after, but in no event later than five years from the date of respective vesting.	Unless otherwise specifically provided different treatment by the Nomination and Remuneration Committee, all the unvested options of a grant, shall get vested on the first vesting date relating to the said grant, immediately following the date of superannuation. The exercise period for the options which get vested at one go after the retirement date, will be five years from the date of vesting.
4	Death	All the Vested Options may be exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than five years from the date of respective vesting.	All the Unvested Options as on the date of death shall vest immediately and may be exercised by the Option Grantee's nominee or legal heir in the manner prescribed for the Vested Options.
5	Permanent Disability	All the Vested Options may be exercised by the Option Grantee or, in case of his inability, the nominee or legal heirs, immediately after, but in no event later than five years from the date of respective vesting.	All unvested Options as on the date of permanent incapacitation shall vest immediately and may be exercised by the Option Grantee or, in case of legal inability, the nominee or legal heirs, immediately after, but in no event later than five years from the date of incurring such Permanent Disability.

6	<b>Abandonment</b>	All the Vested Options shall stand cancelled with effect from the date of abandonment as determined by the Nomination and Remuneration Committee.	All the Unvested Options shall stand cancelled with effect from the date of abandonment as determined by the Nomination and Remuneration Committee.
7	<b>Termination due to any other reason apart from those mentioned above</b>	The Nomination and Remuneration Committee shall decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of such termination shall stand <b>cancelled</b> with effect from that date.

\* **Provided that** in case of a misconduct, the Nomination and Remuneration Committee, at its discretion, shall have the right to cancel the options granted pursuant to the Scheme of Amalgamation for providing fair and reasonable adjustment to the employees of the erstwhile Transferor Company.

(c) The Options shall be deemed to have been exercised when an Option Grantee makes an application in writing to the Bank or by any other means as decided by the Nomination and Remuneration Committee, for the issuance of Shares against the Options vested in him, subject to payment of Exercise Price and compliance of other requisite conditions of Exercise.

8.3 The Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.

## 9. Right to prescribe for cashless Exercise of Options

9.1 Notwithstanding anything contained in the foregoing provisions relating to Exercise of Options, the Board is entitled to specify such procedures and mechanisms for the purpose of implementing the cashless Exercise of Options as may be necessary and the same shall be binding on all the Option Grantees. The

procedure may inter alia require the Option Grantees to authorize any person nominated by the Bank to deal with the Options on the Option Grantees' behalf till the realization of sales proceeds.

#### 10. Lock-in

- 10.1 The Shares issued upon Exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such Exercise.

**Provided however that** subsequent to Listing, the Shares allotted on such Exercise cannot be sold for such period from the date of allotment in terms of Code of Conduct for Prevention of Insider Trading of the Bank, as amended, if any, read with Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended.

#### 11. Other Terms and Conditions

- 11.1 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Bank (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant until the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Bank.
- 11.2 If the Bank issues bonus or rights Shares, the Option Grantee will not be eligible for the bonus or rights Shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with Sub-clause 4.2(e) of ESOP Plan Series 1. Only if the Employee Stock Options are vested and exercised and the Option Grantee is a valid holder of the Shares of the Bank, the Option Grantee would be entitled for bonus or rights Shares as shareholder of the Bank.
- 11.3 Options are not transferrable unless incase of Death of the Option Grantee in which case, Clause 8.2 (b) will be referred to for the purpose of Exercise. 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.

- 11.4 The Employee Stock Option shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

## **12. Deduction of Tax**

- 12.1 The liability of paying taxes, if any, in respect of Employee Stock Options granted pursuant to this ESOP Plan Series 1 and the Shares issued pursuant to Exercise thereof shall be entirely on Option Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees working abroad, if any.
- 12.2 The Bank shall have the right to deduct from the Option Grantee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 12.3 The Bank shall have no obligation to deliver Shares until the Bank's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

## **13. Malus/ Clawback**

- 13.1 Subject to compliance of the Applicable Laws, the Bank reserves the right of executing malus/ clawback arrangements with respect to options already granted.
- 13.2 A malus arrangement permits the Bank to prevent Vesting of all or part of the Options granted to an Option Grantee in the event of failure to comply with the conditions for Vesting. However, the malus arrangement shall not reverse the Vesting of already Vested Options.

- 13.3 A clawback, on the other hand, is a contractual agreement between the Option Grantee and the Bank, being evidenced on the acceptance of the Grant, in which case the Option Grantee shall relinquish any benefit that accrued to or return any benefit that is received by such Option Grantee to the Bank under circumstances specified at the time of Grant of Options.

**Explanation:** As per the guidelines of the Reserve Bank of India, the provisions relating to malus and / or clawback are applicable to the Wholetime Directors, CEO, Material Risk Takers, Control Function staff and other employees as may be identified by the Bank in the Compensation Policy of the Bank. In consequence to the Scheme of Amalgamation, employees of the Transferor Company shall become the employee of the Bank. Therefore, the foregoing provisions shall also be applicable to the concerned employees of the Transferor Company, who have become the employees of the Bank.

#### 14. Authority to vary terms

The Nomination and Remuneration Committee may, if it deems necessary, vary the terms of ESOP Plan Series 1, including pursuant to meeting any regulatory requirements, subject to the Applicable Laws and the conditions of the shareholders' approval, by way of a special resolution, in such manner which is not detrimental to the interest of employee. However, the Bank shall be entitled to vary the terms of the scheme to meet any regulatory requirements. Further more in case of Listing, the Board is authorized to do such acts, deeds and things including but not limited to amendment of this ESOP Plan Series 1 to make the ESOP Plan Series 1 compliant of any Applicable Laws prevailing at that time.

#### 15. Miscellaneous

##### 15.1 Government Regulations

This ESOP Plan Series 1 shall be subject to all Applicable Laws, and approvals from governmental authorities.

##### 15.2 Foreign Exchange Laws

In case any Options are granted to any Employee being resident outside India, belonging to the Bank, working outside India, the provisions of the Foreign Exchange Management Act, 1999 and rules or regulations made thereunder as amended and enacted from time to time shall be applicable and the Bank has to comply with such requirements as prescribed from time to time in connection with Grant, Vest and Exercise of Options thereof.

15.3 Inability to obtain authority

The inability of the Bank to obtain authority from any regulatory body having jurisdiction over the Bank, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Bank of any and all liability in respect of the failure to issue or sell such Shares.

15.4 Unless otherwise intended, 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 nor does the existence of a contract of employment between any person and the Bank 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.

15.5 Neither the existence of this ESOP Plan Series 1 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 has or will in future have any such right, entitlement or expectation to participate in this ESOP Plan Series 1 by being granted an Employee Stock Option on any other occasion.

15.6 The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Bank for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

15.7 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Employee Stock Option in whole or in part.

15.8 Participation in ESOP Plan Series 1 shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments are that of the Employee alone.

#### **16. Accounting and Disclosures**

16.1 The Bank shall follow the laws/regulations applicable to accounting and disclosure related to Options, including but not limited to the IND AS 102 for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

16.2 Where the existing Accounting Standard do not prescribe accounting treatment or disclosure requirements for ESOP Plan Series 1 then the Bank shall comply with the relevant Accounting Standard as may be prescribed by the ICAI or any other appropriate authority from time to time.

16.3 The Bank shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Bank and salient features of the ESOP Plan Series 1 in a format as prescribed under SEBI SBEB Regulations.

16.4 The Board shall, inter alia, disclose either in the Directors report or in the annexure to the Director's report, the following details of the ESOP Plan Series 1, or as amended from time to time under applicable laws:

- a) Options granted;
- b) Options vested;
- c) Options exercised;

- d) The total number of Shares arising as a result of Exercise of Option;
- e) Options lapsed;
- f) Exercise Price;
- g) Variation of terms of Options, if any;
- h) Money realized by Exercise of Options;
- i) Total number of Options in force;
- j) Employee-wise details of Options to:
  - key managerial personnel,
  - any other employee, who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year,
  - identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant, and
- k) Diluted Earnings Per Share (EPS) pursuant to issue of Shares on Exercise of Option calculated in accordance with the relevant Indian Accounting Standards

16.5 Such other details as required to be disclosed from time to time as per the Applicable Laws.

## **17. Certificate from Auditors and Disclosures**

The Board shall at each annual general meeting place before the shareholders a certificate from the auditors of the Bank that the ESOP Plan Series 1 has been implemented in accordance with the SEBI SBEB Regulations. The Board shall also make the requisite disclosures of the ESOP Plan Series 1, in the manner specified under the SEBI SBEB Regulations.

## **18. Governing Laws and jurisdiction**

- 18.1 The terms and conditions of the ESOP Plan Series 1 shall be governed by and construed in accordance with the Applicable Laws of India including the Foreign Exchange Laws.



- 18.2 The Courts in Kolkata, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP Plan Series 1.
- 18.3 Nothing in this Clause shall however limit the right of the Bank to bring proceedings against any Employee in connection with this ESOP Plan Series 1:
- (i) in any other court of competent jurisdiction; or
  - (ii) concurrently in more than one jurisdiction.

## 19. Notices

- 19.1 All notices of communication required to be given by the Bank to an Option Grantee by virtue of this ESOP Plan Series 1 shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Bank; or Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or Emailing the communication(s) to the Option Grantee at the official email address provided, if any, during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.
- 19.2 Any communication to be given by an Option Grantee to the Bank in respect of ESOP Plan Series 1 shall be sent at the address mentioned below or e - mailed at:

Head - Human Resources  
Bandhan Bank Limited,  
Adventz Infinity @ 5, BN 5, Sector V  
Salt Lake, Kolkata  
West Bengal 700091 India

Email: [esopplanseries1@bandhanbank.com](mailto:esopplanseries1@bandhanbank.com)

## 20. Listing of the Shares

Subject to receipt of necessary approvals in this regard, the Shares issued and allotted on Exercise of the Options shall be listed on the recognized Stock Exchange(s) on which the Shares of the Bank are listed or proposed to be

additionally listed.

## **21. Severability**

- 21.1 In the event any one or more of the provisions contained in this ESOP Plan Series 1 shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this ESOP Plan Series 1 in which case the ESOP Plan Series 1 shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the ESOP Plan Series 1 shall be carried out as nearly as possible according to its original intent and terms.

## **22. Confidentiality**

- 22.1 An Option Grantee must keep the details of the ESOP Plan Series 1 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/or associate of the Bank or that of its affiliates. In case Option Grantee is found in breach of this Clause, the Bank shall have undisputed right to terminate any agreement/Grant and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Nomination and Remuneration Committee regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Nomination and Remuneration Committee shall have the authority to deal with such cases as it may deem fit.
- 22.2 On acceptance of the grant of Option offered by the Bank, it shall be deemed that as if the Option Grantee has authorized the Bank to disclose information relating to the Option Grantee during the process of implementation of the ESOP Plan Series 1 or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

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