



Employee Stock Option Plan 2019
Ujjivan Small Finance Bank Limited

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Employee Stock Option Plan 2019

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Ujjivan Small Finance Bank Limited

CIN: U65110DL2016PLC302481

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1. Name, Objectives and Term of the Plan

- 1.1 This Employee Stock Option Plan shall be called the ‘Ujjivan Small Finance Bank - Employee Stock Option Plan 2019’ (“ESOP 2019” / “Plan”).
- 1.2 The underlying philosophy of ESOP 2019 is to create the perception of inclusiveness 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 2019 are, among others, to attract and retain critical senior talents with Employee Stock Options as a compensation tool. Through ESOP 2019, the Bank intends to offer an opportunity of sharing the value created with those Employees who have contributed or are expected to contribute to the growth and development of the Bank.
- 1.3 Employee Stock Options shall be granted under this Plan 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.
- 1.4 The ESOP 2019 is established with effect from March 29, 2019 and 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 2019 have been issued and exercised, whichever is earlier.

2. Definitions and Interpretations

In this Plan, 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 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.

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- ii. **"Bank"** means Ujjivan Small Finance 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 its registered office at Plot No. 2364 / 8, Khampur Raya Village Shadi Kampur, Main Patel Road New Delhi-110008 India and its corporate office at Grape Garden, No. 27, 3rd A Cross 18th Main, 6th Block, Koramangala, Bangalore 560095.
- 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. **"Corporate Action"** includes one of the following actions:
- (a) Issue of bonus or rights shares
 - (b) The merger, de-merger, spin-off, consolidation, amalgamation, sale of business (except to a subsidiary, if any) or other reorganization of the Bank in which all or any part of the Shares are converted into or exchanged for:
 - a different class of securities of the Bank; or
 - any securities of any other issuer; or
 - cash; or
 - other property; or
 - The sale, lease or exchange of all or substantially whole of the assets/ undertaking of the Bank to any other Company or entity (except to a subsidiary, if any)
 - (c) The adoption by the shareholders of the Bank of a scheme of liquidation, dissolution or winding up.
- ix. **"Director"** means a member of the Board of the Bank.
- x. **"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.
- xi. **"Employee"** means:
- (i) a permanent employee of the Bank who has been working in or out of India; or

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- (ii) a Director of the Bank, whether a whole time director or not but excluding an independent director; or
- (iii) an employee defined in Sub-clauses (i) and (ii) hereof of the Subsidiary, if any, or of a Holding Company of the Bank,

but does not includes:

- (a) an employee, who is a Promoter or belongs to the Promoter Group; or
- (b) a Director who either himself or through his/her relative or through any body corporate, directly or indirectly, holds more than 10% (ten percent) of the outstanding equity shares of Bank.

Provided further that upon Listing, the term “Employee” defined here in above shall have meaning as defined in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended.

- xii. **“Employee Stock Option”** means an option granted to an Employee, which gives such Employee the benefit or right, but not an obligation, to purchase or subscribe at a future date Shares underlying such option, directly or indirectly, at a pre-determined price or a formula.
- xiii. **“Employment Letter”** means a letter appointing a person as an employee of the Bank and giving out the terms and conditions of such employment.
- xiv. **“ESOP 2019”** or the **“Plan”** means the Ujjivan Small Finance Bank Employee Stock Option Plan 2019 under which the Bank is authorized to grant Employee Stock Options to the Employees.
- xv. **“Exercise”** of an Option means application, i.e., 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 2019, in accordance with the procedure laid down by the Bank for Exercise of such Options.
- xvi. **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP 2019.
- xvii. **“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 2019.
- xviii. **“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.

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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, as amended.

- xix. **“Grant”** means issue of Options to the Employees under the ESOP 2019.
- xx. **“Holding Company”** means any present or future holding Company of the Bank, as per the provisions of the Companies Act.
- xxi. **“Independent Director”** means an Independent Director within the meaning of the Companies Act and/or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- xxii. **“Letter of Grant”** means the letter issued by the Bank intimating an Employee about the Options granted to him/her for acquiring a specified number of Shares at the Exercise Price.
- xxiii. **“Listing”** means the listing of the Bank’s Shares on any recognized Stock Exchange as per Applicable Laws.
- xxiv. **“Nomination and Remuneration 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 Plan.
- xxv. **“Option”** means an Employee Stock Option within the meaning of this Plan.
- xxvi. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP 2019 and shall deem to include nominee/ legal heir of an Option Grantee in case of his/her death to the extent provisions of the Plan are applicable to such nominee/ legal heir.
- xxvii. **“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 Nomination and Remuneration Committee based on a certificate of a medical expert identified by the Nomination and Remuneration Committee.
- xxviii. **“Promoter”** means:
- (i) who has been named as such in a draft offer document or offer document 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

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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, as amended.

- xxix. **“Promoter Group”** shall have meaning as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
- xxx. **“Relative”** shall have the same meaning as defined under the Companies Act.
- xxxi. **“Retirement”** means retirement as per the rules of the Bank.
- xxxii. **“SEBI SBEB Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended and re-enacted from time to time and includes any clarifications or circulars issued thereunder.
- xxxiii. **“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 2019.
- xxxiv. **“Shareholder”** means any person holding Shares of the Bank.
- xxxv. **“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.
- xxxvi. **“Subsidiary”** means any present or future subsidiary company of the Bank, as per the provisions of the Companies Act.
- xxxvii. **“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.
- xxxviii. **“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.

xxxix. “**Vesting**” means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOP 2019.

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

xli. “**Vesting Period**” means the period during which the Vesting of the Option granted to the Employee, in pursuance of the ESOP 2019 takes place.

2.2 Interpretation

In this Plan, unless the contrary intention appears:

- a) the clause headings are for ease 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;
- e) any reference to a statute or statutory provision shall be construed as a reference to such statute or statutory provisions as from time to time amended, consolidated, modified, extended, re-enacted or replaced; and
- f) 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 March 29, 2019 have authorized the Nomination and Remuneration Committee to grant up to 14,40,00,000 Employee Stock Options to the Employees, in one or more tranches, from time to time under the Plan, being exercisable into not exceeding 14,40,00,000 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.

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- 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. 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 the applicable 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, the maximum number of Options available for being granted under ESOP 2019 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 during any one financial year 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 2019 shall be administered by the Nomination and Remuneration Committee. All questions of interpretation of the ESOP 2019 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 2019.
- 4.2 The administration of ESOP 2019 shall include, but not be limited to determination of the following as per provisions of the Plan and Applicable Laws:
- a) The procedure for Option allocation and the specific quantum of Options to be granted under the ESOP 2019 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

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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, online transfer or any other mode as decided);
- 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 2019.

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 2019. The specific Employees to whom the Options would be granted and their Eligibility Criteria would be determined by the Nomination and Remuneration Committee. The Grants to be made to the

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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 Plan shall be applicable to the Bank, and any successor company/ bank thereof.

5.3 The Employee Stock Options granted to an Employee shall be subject to the terms and conditions set forth in this Plan and letter of Grant.

6. Grant and Acceptance of Grant

6.1 Grant of Options

Each Grant of Option under the ESOP 2019 shall be made in writing by the Bank to the eligible Employees in a letter of Grant as may be approved under ESOP 2019 from time to time.

6.2 Acceptance of the Grant

- a) Any Employee who wishes to accept the grant made under this Plan must deliver to the Bank a duly signed acceptance of the letter of Grant on or before the date which shall not be more than 60 days from the date of the Grant, as specified in the letter of Grant (“Closing Date”). 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 Nomination and Remuneration 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 Plan and the letter of Grant. The Option Grantee's acceptance of the Grant of Options under the ESOP 2019, within the time period provided, shall constitute an agreement between the Option Grantee and the Bank, to the terms of this Plan and the Grant document.

7. Vesting Schedule/ Conditions

Subject to terms mentioned in this Clause, Options granted under ESOP 2019 shall vest within the minimum period of 1 (One) year and maximum period of 6 (Six) years from the date of Grant of such Options. **Provided that** in case where Options are granted by the Bank under the Plan 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

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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.

- 7.1 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.
- 7.2 In addition to the terms and conditions for the Vesting, the Options shall vest only upon Listing, unless otherwise specifically waived by the Nomination and Remuneration Committee.
- 7.3 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place as would be applicable to the Option Grantee shall be provided in the letter of Grant.

8. Exercise

8.1 Exercise Price

- (a) The Exercise Price shall be determined by the Nomination and Remuneration Committee subject to it not being lower than face value or higher than fair market value as on date of Grant of Options.

8.2 Exercise Period

(a) While in employment/ service

The Exercise Period in respect of Vested Options shall be **5 (Five) years** from the date of Vesting of such Options.

- (b) Exercise Period in case of separation from employment/ service:** Subject to provisions of Sub-clause 8.3, the Vested Options can be exercised subject to treatment of Unvested Options as per provisions outlined herein below:

S. No.	Separations	Vested Options	Unvested Options
1	Resignation / Termination (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	Termination	All the Vested Options	All the Unvested Options on

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	due to misconduct or due to breach of Bank Policies/Terms of Employment	which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination.	the date of such termination shall 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	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. However, in case of options granted to MRTs, the options will get vested to the MRTs as per the vesting schedule without any acceleration in case of their retirement to ensure the compliance of all applicable RBI guidelines.
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 six months 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 six months 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	Abandonment	All the Vested Options	All the Unvested Options shall stand cancelled with

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		shall stand cancelled with effect from the date of abandonment as determined by the Nomination and Remuneration Committee.	effect from the date of abandonment as determined by the Nomination and Remuneration Committee.
7	Termination due to any other reason apart from those mentioned above	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 cancelled with effect from that date.

(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 After the Listing or IPO, the exercisability of all Vested Options, including the Exercise Period, shall be governed as per provisions of the Sub-clause 8.2 above.

8.4 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 or the Nomination and Remuneration Committee 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

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sold for such period from the date of allotment in terms of Code of Conduct for Prevention of Insider Trading of the Bank, if any, read with Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended or such other period as may be stipulated from time to time in terms of such Code.

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 2019. 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 in case of Death or Permanent Disability of an 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 Plan 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.

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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 and directions laid down by RBI in this regard from time to time, 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. However, the malus arrangement shall not reverse the Vestings 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.

14. Authority to vary terms

The Nomination and Remuneration Committee may, if it deems necessary, vary the terms of ESOP 2019, subject to the Applicable Laws and the conditions of the shareholders' approval 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. Furthermore in case of Listing, the Board is authorized to do such acts, deeds and things including but not limited to amendment of this Plan to make the Plan compliant of any Applicable Laws prevailing at that time.

15. Miscellaneous

15.1 Government Regulations

This ESOP 2019 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

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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. It is clarified that the Bank shall not be obligated to ensure tradability of the Shares upon Listing and the same may be subject to further requirement under Applicable Laws.

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 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 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.

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 2019 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

Ujjivan Small Finance Bank Limited

CIN: U65110DL2016PLC302481

Corporate Office: Grape Garden, No. 27, 3rd A Cross 18th Main, 6th Block, Koramangala Bangalore
560095, Karnataka

- 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/Guidance Note on Accounting 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 Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for ESOP 2019 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 2019 in a format as prescribed under SEBI SBEB Regulations.

17. Governing Laws and jurisdiction

- 17.1 The terms and conditions of the ESOP 2019 shall be governed by and construed in accordance with the Applicable Laws of India including the Foreign Exchange Laws.
- 17.2 The Courts in Bengaluru, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2019.
- 17.3 Nothing in this Clause shall however limit the right of the Bank to bring proceedings against any Employee in connection with this ESOP 2019:
- (i) in any other court of competent jurisdiction; or
 - (ii) concurrently in more than one jurisdiction.

18. Notices

- 18.1 All notices of communication required to be given by the Bank to an Option Grantee by virtue of this ESOP 2019 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.
- 18.2 Any communication to be given by an Option Grantee to the Bank in respect of ESOP 2019 shall be sent at the address mentioned below or e - mailed at:

Ujjivan Small Finance Bank Limited

CIN: U65110DL2016PLC302481

Corporate Office: Grape Garden, No. 27, 3rd A Cross 18th Main, 6th Block, Koramangala Bangalore
560095, Karnataka

Head - Human Resources
Ujjivan Small Finance Bank Limited,
Corporate Office: Grape Garden, No. 27, 3rd A Cross 18th Main, 6th
Block, Koramangala Bangalore 560095

Email: carol.furtado@ujjivan.com

19. Severability

- 19.1 In the event any one or more of the provisions contained in this Plan 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 Plan in which case the Plan shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Plan shall be carried out as nearly as possible according to its original intent and terms.

20. Confidentiality

- 20.1 An Option Grantee must keep the details of the ESOP 2019 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.
- 20.2 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 Granted during the process of implementation of the ESOP 2019 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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