



IDFC FIRST Bank Limited
Employee Stock Option Scheme 2015
(IDFC FIRST BANK ESOS – 2015)

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1. Name, Objective and Term of the Scheme

- 1.1 This Employee Stock Option Scheme shall be called **“IDFC FIRST BANK ESOS – 2015”** (hereinafter referred to as “ESOS – 2015”) which expression shall include any alterations, amendments or modifications hereto.
- 1.2 This ESOS – 2015 has been formulated by the Nomination and Remuneration Committee of Directors of the Company (as defined hereinafter) at its meeting held on December 9, 2014, pursuant to the authority vested in it by the shareholders of the Company vide special resolution passed at their Extra-Ordinary General Meeting held on December 9, 2014 and in accordance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended (the “SEBI Regulations”), and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the Options available for issuance under the ESOS – 2015 have been issued and exercised or have lapsed and the Nomination and Remuneration Committee does not intend to re-issue these lapsed Options. Further, ESOS – 2015 has been amended pursuant to the authority vested in it by the shareholders of the Company vide special resolution passed at their Annual General Meeting held on July 27, 2016 and July 25, 2019.
- 1.3 The objective of the ESOS – 2015 is to reward the Employees 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 Scheme to attract and reward talent and performance in the organization. The Company views employee stock options as instruments that would enable the Employees to share the value they would create and contribute for the Company in the years to come.
- 1.4 The Nomination and Remuneration Committee may subject to compliance with Applicable Law, at any time alter, amend, suspend or terminate the ESOS – 2015.

2. Definitions and Interpretation

2.1 Definitions

- i. **“Applicable Law”** means every law, rule, regulation or bye-law relating to Employee Stock Option, including, without limitation, the Companies Act, 2013, Securities Exchange Board of India Act, 1992, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and all relevant tax, securities, exchange control or corporate laws, rules, regulations or bye-laws of India or of any relevant jurisdiction or of any stock exchange on which the shares are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws.
- ii. **“Board”** means the Board of Directors of the Company.
- iii. **“Companies Act”** means the Companies Act, 2013 and includes any statutory modifications or reenactments thereof.
- iv. **“Company”** means IDFC FIRST Bank Limited.
- v. **“Director”** means a member of the Board of the Company.
- vi. **“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.
- vii. **“Employee”** means (i) a permanent employee of the Company, including Whole-time Directors, working in India or out of India; or (ii) a Director of the Company excluding an Independent Director, whether in India or out of India; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this paragraph, of a Subsidiary Company of the Company, in India or out of India but excludes:
 - a. an employee who is a promoter or belongs to the promoter group;

- b. a 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 Company.
- viii. **“Employee Stock Option” or “Option”** means the option Granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the shares underlying the option at a pre-determined price.
- ix. **“Exercise”** of an Option means making of an application by an Employee to the Company to purchase or subscribe to the Shares underlying the Options Vested in him, in pursuance of the ESOS – 2015, in accordance with the procedure laid down by the Company for exercise of Options.
- x. **“Exercise Application”** means the application form as may be prescribed by the Nomination and Remuneration Committee, in which the Employee has to apply to the Company along with a cheque/demand draft in respect of the Exercise Price, for Exercising the Options Vested in him/her.
- xi. **“Exercise Period”** means such time period after Vesting within which the Employee should Exercise the Options Vested in him in pursuance of the ESOS – 2015.
- xii. **“Exercise Price”** means the price payable by an Employee in order to Exercise the Options Granted to him in pursuance of the ESOS – 2015.
- xiii. **“Grant”** means issue of Options to the Employees under the ESOS – 2015.
- xiv. **“Intrinsic Value”** means the excess of the Market Price of the Share under ESOS – 2015 over the Exercise Price of the Option.
- xv. **“Letter of Grant”** means the letter issued by the Company intimating the Employee of the Options Granted to him/her for acquiring a specified number of Shares at the Exercise Price.

- xvi. **“Lock-in Period”** means the period during which Employees shall not sell, pledge or otherwise transfer, directly or indirectly, any of his/her Shares or dispose of any interest in or over or right attaching to any of his/her Shares.
- xvii. **“Market Price”** means the latest available closing price, prior to the date of meeting of the Nomination and Remuneration Committee at which Options are Granted/shares are issued on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.
- xviii. **“Nomination and Remuneration Committee”** means a Committee constituted by the Board of Directors, in accordance with Applicable Law, from time to time to administer any ESOS implemented by the Company.
- xix. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOS – 2015.
- xx. **“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 such Committee.
- xxi. **“Promoter”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- xxii. **“Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- xxiii. **“Recognised Stock Exchange”** means the BSE Limited, National Stock Exchange of India Limited or any other Stock Exchange in India on which the Company’s Shares are listed or to be listed.
- xxiv. **“Retirement”** means retirement of an Employee as per the rules of the Company.
- xxv. **“Scheme / Plan / ESOS – 2015”** means this Employee Stock Option Scheme under which the Company is authorised to Grant Employee Stock Options to the Employees.
- xxvi. **“SEBI Act”** means the Securities and Exchange Board of India Act, 1992 as amended from time to time, and includes all regulations and clarifications issued there under.
- xxvii. **“SEBI Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time and includes all regulations and clarifications issued there under.
- xxviii. **“Shares”** means equity shares of the Company arising out of the Exercise of Employee Stock Options Granted under the ESOS – 2015.
- xxix. **“Subsidiary Company”** means any present or future Subsidiary Company of the Company, as defined in the Companies Act, 2013.
- xxx. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Employee Stock Options Granted to him in pursuance of the ESOS – 2015.
- xxxi. **“Vesting Condition”** means any condition subject to which the Options Granted would vest in an Option Grantee.
- xxxii. **“Vesting Period”** means the period during which the Vesting of the Employee Stock Option Granted to the Employee, in pursuance of the ESOS – 2015 takes place.
- xxxiii. **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions linked to passage of time and performance criteria

have been satisfied and the Option Grantee has become eligible to Exercise the Option.

xxxiv. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions linked to passage of time and performance criteria have not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Option.

Any term not defined above, but defined in the SEBI Regulations shall have the meaning assigned to it under the SEBI Regulations.

2.2 Interpretation

In this Scheme, 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) 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 shareholders at their Annual General Meeting held on July 25, 2019 have resolved to issue to Employees under ESOS – 2015 Employee Stock Options not more than 8%¹ of the issued and paid-up equity share capital of the Company from time to time, in one or more tranches, with each such Option conferring a right upon the employee to apply for one equity share of face value of Rs.10/- each (or such other number adjusted in terms of Clause 3.3 herein below) of the Company, in accordance with the terms and conditions of such issue.

¹ Previously the shareholder of the Bank at Annual General Meeting held on July 27, 2016 had approved issue to Employees under ESOS – 2015 Employee Stock Options not more than 6% of the issued and paid-up equity share capital of the Company from time to time

- 3.2 In case of stock consolidation or other reorganisation of capital structure of the Company from time to time, the maximum number of shares available for being Granted under ESOS – 2015 shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per share) prior to such share consolidation or reorganization, as the case may be, remains unchanged after such share split, consolidation or reorganisation of capital structure.
- 3.3 Options not Vested due to non-fulfillment of the stipulated conditions, Vested Options which the Employees have expressly refused to Exercise and any Options Granted but not Vested or Exercised within the stipulated time due to any reasons, shall lapse and these Options will be available for Grant by the Nomination and Remuneration Committee to any Employee(s) as it may deem fit in its absolute discretion, whether under the present ESOS – 2015 or under a new scheme, subject to compliance of the provisions of the Applicable Law. The terms relating to Exercise Price, Exercise Period, Vesting etc. in respect of such lapsed Options to be granted, as aforesaid, will be determined by the Nomination and Remuneration Committee at the time of Grant as it may deem fit in its absolute discretion, subject to compliance with all Applicable Law.

4. Administration

- 4.1 The ESOS – 2015 shall be administered by the Nomination and Remuneration Committee. All questions of interpretation, dispute, discrepancy or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with the ESOS – 2015 or any Employee Stock Option shall be referred to the Nomination and Remuneration Committee and shall be determined by the Nomination and Remuneration Committee and such determination/decision/interpretation shall be final and binding upon all persons having an interest in or affected by the ESOS – 2015 or such Employee Stock Option.
- 4.2 The Nomination and Remuneration Committee shall in accordance with this Scheme and Applicable Law, in its absolute discretion, determine the following:

- (a) The quantum of Employee Stock Options to be Granted under the ESOS – 2015 per Employee, subject to the ceiling as specified in Para 3.1;
- (b) The Eligibility Criteria;
- (c) To authorize the Managing Director & CEO of the Company to Grant Options to Employees, from time to time, subject to conditions that the Nomination and Remuneration Committee may prescribe;
- (d) The time when the Options are to be Granted;
- (e) The number of tranches in which the Options are to be Granted and the number of Options to be Granted in each such tranche;
- (f) The number of Options reserved, if any, for Granting to new Employees who would join the services of the Company;
- (g) The Vesting Period, the Vesting schedule and the date of Vesting of the Options Granted;
- (h) The terms and conditions subject to which the Options Granted would Vest in the Employee;
- (i) The conditions under which Options Vested in Employees may lapse in case of termination of employment for misconduct;
- (j) The Exercise Period within which the Employee should Exercise the Option and that Option would lapse on failure to Exercise the Option within the Exercise Period;
- (k) The specified time period within which the Employee shall Exercise the Vested Options in the event of termination or resignation of an Employee;
- (l) The right of an Employee to exercise all the Options Vested in him at one time or at various points of time within the Exercise Period;
- (m) Deciding the treatment of Unvested Options upon termination of employment or upon a director ceasing to hold office;

- (n) The procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, sale of division, stock split / consolidation, rights issues, bonus issues and others;
- (o) The procedure and terms for the Grant, Vesting and Exercise of Employee Stock Option in case of Employees who are on long leave;
- (p) The procedure for cashless Exercise of Employee Stock Options, if required;
- (q) Obtaining permissions from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with all Applicable Law;
- (r) Framing appropriate procedures and rules for Granting, Vesting and Exercise of Options and amending, altering, modifying or rescinding such procedures and rules from time to time;
- (s) Arranging to get the Shares, issued under the ESOS – 2015, listed in the Stock Exchanges on which the equity shares of the Company are already listed or may be listed in future;
- (t) Ensuring submission of information / reports, etc., in connection with the ESOS – 2015, to the Stock Exchanges at stipulated periodical intervals or otherwise;
- (u) Approve forms, writings and/or agreements for use in pursuance of the ESOS – 2015.
- (v) To amend the Exercise Period in respect of Employees on their Retirement or Resignation on case to case basis.

4.3 The number of members of the Nomination and Remuneration Committee 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 Applicable Law.

4.4 No member of the Nomination and Remuneration Committee shall be personally liable for any decision or action taken in good faith with respect to the ESOS – 2015.

5. Eligibility, Applicability and Grant

- 5.1 Only Employees are eligible for being Granted Employee Stock Options under ESOS – 2015. The specific Employees to whom the Options would be Granted and their eligibility criteria (including but not limited to performance, merit, grade, conduct and length of service of the Employee) would be determined by the Nomination and Remuneration Committee, at its absolute discretion, provided that the approval of the members of the Company by way of a separate resolution shall be obtained if Grant of Employee Stock Options, during one year, is equal to or exceeds 1% of the issued capital (excluding outstanding warrants and conversions) of the Company.
- 5.2 The Scheme shall be applicable to the Company, its existing and future Subsidiary Companies in India and/or abroad, and any successor company thereof and Employee Stock Options may be Granted to the Employees and Directors excluding Independent Directors of the Company and its existing & future subsidiaries as determined by the Nomination and Remuneration Committee on its own discretion.
- 5.3 The Employee identified for Grant of Options shall be furnished with: (i) the disclosures prescribed under the SEBI Regulations including the salient features of the Scheme; and (ii) a form for exercise of Options.

6. Vesting Schedule / Conditions

- 6.1 Options Granted under ESOS – 2015 would Vest not less than one year and not more than five years from the date of Grant of Options. Vesting of Options would be a function of continued employment with the Company (passage of time) and achievement of performance criteria as specified by the Nomination and Remuneration Committee as communicated on Grant of Options. The specific Vesting schedule and conditions subject to which Vesting would take place would be outlined in the Letter of Grant given to the Option Grantee at the time of Grant of Options.
- 6.2 Notwithstanding the above, the Nomination and Remuneration Committee may not Vest any of the Options already Granted or Vest such lesser number of Options already Granted, in the event it is found that the eligible Employee

has not performed upto the expectations or has not been regularly attending the office for a substantial period of time without any valid reason or authority or is found to be guilty of misconduct or has violated the Company Policies/Terms of Employment or the ESOS Code of Conduct or on account of such other circumstances as the Nomination and Remuneration Committee may in its absolute discretion decide.

7. Exercise

- 7.1 The Option Grantee may, at any time during the Exercise Period, and subject to fulfillment of conditions of Vesting, Exercise the Options by submitting Exercise Application to the Company accompanied by payment of an amount equivalent to the Exercise Price in respect of such Shares. The Exercise Application shall be in such form as may be prescribed in this regard and the Nomination and Remuneration Committee may determine the procedure for Exercise from time to time.
- 7.2 The exercise price shall be as decided by the Nomination and Remuneration Committee subject to a minimum of the face value per share per option. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Nomination and Remuneration Committee may decide.
- 7.3 Each Option would entitle the Employee, on Exercise, to acquire 1 (One) Share of face value of Rs.10/- each (or such other number adjusted for any consolidation or other reorganisation of capital structure of the Company in terms of Clause 3.2 of this Scheme or otherwise adjusted in terms of Clause 4.2(n) from time to time, as may be determined by the Nomination and Remuneration Committee pursuant to the provisions of this ESOS – 2015). Provided that, in the event of Exercise of Options resulting in fractional Shares, the Nomination and Remuneration Committee shall be entitled to round off the number of Shares to be issued to the nearest whole number, and Exercise Price shall be correspondingly adjusted. All Shares of the Company allotted consequent to Exercise of Options shall rank pari passu with the existing Shares of the Company.

- 7.4 The Employee Stock Options Granted shall be capable of being Exercised within a period of three² years from the date of Vesting of the respective Employee Stock Options or such other period as may be determined by the Nomination and Remuneration Committee. The Options cancelled or lapsed without being exercised will be available for further Grant under any Employee Stock Option Scheme of the Company.
- 7.5 In the event of the death of an Employee while in employment with the Company, all Unvested Options would vest in Option Grantee's nominee/legal heir(s) / successor(s) immediately and all unexercised Options may be Exercised by the Option Grantee's nominee immediately after, but in no event later than one year from the date of death of such Employee. The mode of nominating any person as a nominee would be prescribed by the Nomination and Remuneration Committee. In case of the death of any Employee who has not nominated any person(s), the Vested Options and the Unvested Options shall be Exercisable by the legal heir(s) / successor(s) of such Employee immediately, but in no event later than two years; provided however that the legal heir(s) / successor(s) shall be required to produce to the Company all such documents / indemnities as may be required by the Company to prove the succession of the assets of the deceased Employee. In case the proof of succession is not produced to the Company within three months from the date of death of the Employee or such further time as the Nomination and Remuneration Committee may permit in its absolute discretion, the Options shall lapse and shall be available for Grant by the Nomination and Remuneration Committee to any other Employee(s) as it may deem fit in its absolute discretion.
- 7.6 In the event of separation of an Employee from the Company due to reasons of Permanent Incapacity all Unvested Options would vest in Option Grantee and all Vested Options as well as Unvested Options may be Exercised by the Option Grantee immediately after Permanent Incapacity but in no event later than one year from the date of separation from employment. In the event of death of the Option Grantee after such separation, the nominee/legal heir of such Option Grantee will be allowed to Exercise all unexercised Options, both vested and Unvested Options, of the Option Grantee before the expiry of one

² The shareholders at Annual General Meeting held on July 25, 2019 have revised the exercise period. Previously the exercise period was five years

year from the date of death and the provisions of Clause 7.5 above shall be applicable, *mutatis mutandis*.

- 7.7 In the event of separation from employment for reasons of normal retirement or a Retirement specifically approved by the Company, all the unvested Options as on the date of retirement would vest in the option grantee and all unexercised Options may be Exercised by the Option Grantee immediately after, but in no event later than three months from the date of such Retirement, unless otherwise determined by the Nomination and Remuneration Committee whose determination will be final and binding.
- 7.8 In the event of resignation, all Unvested Options, on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Vested Options as on that date shall be Exercisable by the employee before his last working day with the Company.
- 7.9 In the event of abandonment of employment by an Option Grantee without the Company's consent, all Employee Stock Options Granted to such employee, including the Vested Options, which were not Exercised prior to the abandonment of employment, shall stand terminated with immediate effect. The Nomination and Remuneration Committee, at its sole discretion shall decide the date of abandonment by an Employee and such decision shall be binding on all concerned.
- 7.10 In the event an Employee is transferred by the Company to any other entity, the treatment of vested and unvested Options may be as determined by the Nomination and Remuneration Committee whose determination shall be final and binding. The Nomination and Remuneration Committee may also decide on the acceleration of vesting of those Options subject to minimum of one year from the date of Grant of those Options.
- 7.11 In the event of termination of the employment of an Option Grantee due to breach of Company Policies or the Terms of Employment, all Employee Stock Options Granted to such Employee, including the Vested Options which were not Exercised prior to such breach shall stand terminated with effect from the date of such breach; the date of such breach shall be determined by the Nomination and Remuneration Committee, and its decision on this issue shall be binding and final.

- 7.12 The Options Granted but not Vested and the Options Vested but not Exercised in case of an Employee who has been suspended from the services of the Company or to whom a show cause notice has been issued or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to misconduct, violation of Company Policies, codes of the Company or Terms of Employment or for having committed or abetted any illegal or unlawful activity may, on the recommendation of the management, be suspended or kept in abeyance or cancelled at the sole discretion of the Nomination and Remuneration Committee. In case of Options that have been suspended or kept in abeyance, the same may be Vested in the concerned Employee on such additional terms and conditions, as may be imposed by the Nomination and Remuneration Committee in its absolute discretion. Cancelled Options, if any, shall be treated as lapsed Options and shall be available for Grant, as provided under Clause 3.3.

8. Other Terms and Conditions

- 8.1 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.
- 8.2 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner whatsoever. The Company shall not recognise any pledge, hypothecation, mortgage or other alienation done in violation of this condition.
- 8.3 If the Company 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 Clause 4.2(n) of the ESOS – 2015.
- 8.4 In the event of any change in the constitution of the Company, change of control of the Company, re-structuring of the Company including but not limited to, merger, de-merger, spin-off, reverse merger, subsidiarisation etc. or amalgamation of any other entity with the Company, the Options Granted

herewith may Vest forthwith subject to the minimum time for Vesting prescribed under the SEBI Regulations at the discretion of the Nomination and Remuneration Committee. In such an event the Nomination and Remuneration Committee would have the authority to alter all or any of the terms relating to the Grant or this ESOS – 2015 in general and would also have the authority to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under Applicable Law, so as to ensure that the benefits under the Grant are passed on to the Employees. The Nomination and Remuneration Committee shall take appropriate actions to ensure that total value of the Options remains the same after the aforesaid corporate actions and in this regard shall if necessary, issue fresh Options/shares of the Holding/Subsidiary Companies of the Company and/or resultant entities emerging due to such corporate actions.

- 8.5 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in accordance with Clauses 7.5 and 7.6 of this Scheme.
- 8.6 The Company will not be obliged to sell, issue or allot any Shares upon Exercise of the Options or otherwise unless the issuance and delivery of such Shares complies, in the judgment of the Company, with all the relevant provisions of Applicable Law including but not limited to, any applicable securities laws and the requirement of any stock exchanges in which the Shares of the Company are listed.

9. Transferability of Shares

There will be no restriction on transferability of the Shares, which may be issued/allotted on Exercise of the Options Granted pursuant to this Scheme. However, Employees are required to always adhere to Applicable Law and Company Policies while dealing with the Shares or exercising any rights thereunder. In particular, each Employee and the Nomination and Remuneration Committee shall ensure that there is no violation of the provisions of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, (b) Company's Share dealing policies and codes or (c) other applicable restrictions for prevention of fraudulent and/or unfair trade practices relating to the securities market.

10. Lock-in period

There will be no lock-in period in respect of the Shares, which may be issued/allotted on Exercise of the Options Granted pursuant to this Scheme. However, the transactions on the shares arising pursuant to exercise of Options under an Employee Stock Option Scheme of the Company would be subject to the provisions of SEBI (Insider Trading) Regulations, 2015 and the Insider Trading code of the Company.

11. Tax Liability

The liability of paying tax, if any, on the Options Granted pursuant to this ESOS – 2015 and the Shares issued pursuant to Exercise of Options shall be entirely on the Employees and shall be in accordance with the provisions of Income Tax Act, 1961 and the Rules framed thereunder or, if such Employees are resident in a territory outside India, in accordance with tax laws applicable to such territory. In the event of any amendments or modifications to the provisions of the Income Tax Act, 1961 and/or the Rules framed thereunder, as existing on the date of this ESOS – 2015, the Nomination and Remuneration Committee shall have the power to amend or modify this ESOS – 2015, without consent of the Employees or the Shareholders, as the case may be, in order to ensure that the Company is in the same position as it would have been had the amendments or modifications in the Income Tax Act, 1961 and/or the Rules framed thereunder have not been made.

12. Tax Deduction at Source

The Company shall have the right to deduct from the Employee's salary, any of the Employee's tax obligations arising in connection with the Employee Stock Option or the Shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee.

13. Authority to vary terms

- 13.1 Subject to Applicable Law, the Nomination and Remuneration Committee will at its absolute discretion have the right to modify/amend the ESOS – 2015 in such manner and at such time or times as it may deem fit, subject however

that any such modification/amendment shall not be detrimental to the interest of the Option Grantees/Employees.

- 13.2 The Nomination and Remuneration Committee may re-price the Options which are not exercised, whether or not they have been vested, if ESOS-2015 is rendered unattractive due to fall in the price of the shares in the stock market.

Provided that the Nomination and Remuneration Committee shall ensure that such re-pricing shall not be detrimental to the interest of the Option Grantees/Employees and approval of the shareholders by way of special resolution in general meeting has been obtained for such re-pricing.

- 13.3 The Nomination and Remuneration Committee shall be entitled to vary the terms of the ESOS - 2015 to meet any regulatory requirements.

14. Miscellaneous

- 14.1 Government Regulations

This ESOS – 2015 shall be subject to Applicable Law, and approvals from governmental authorities.

- 14.2 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Law, 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.

- 14.3 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 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.

- 14.4 Neither the existence of this Scheme 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 Scheme by being Granted an Employee Stock Option on any other occasion.
- 14.5 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 Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 14.6 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.
- 14.7 Nothing contained in the ESOS – 2015 or in any Grant made hereunder shall:
- (i) confer upon any Employee any right with respect to continuation of employment or engagement with the Company, or
 - (ii) interfere in any way with the right of the Company to terminate employment or services of any Employee at any time.
- 14.8 Neither the adoption of the ESOS – 2015 nor any action of the Nomination and Remuneration Committee shall be deemed to give an Employee any right to be Granted any Option to acquire Shares or to any other rights except as may be evidenced by a Letter of Grant.
- 14.9 Participation in this ESOS – 2015 shall not be construed as any guarantee of return on any investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments is that of the Employee alone.

15. Confidentiality

Employees shall keep the details of the Options Granted to them strictly confidential and shall not share/disclose the said details with/to any other Employee. In case of non-adherence to the provisions of this Clause, the Nomination and Remuneration Committee will have the authority to deal with such cases as it may deem fit in its absolute discretion.

16. Method used for Valuing Options

The Company shall follow the intrinsic value method for computing the compensation cost for the Options Granted. The difference between the compensation cost so calculated and the compensation cost that would have been recognised if the Company had used fair value method and its impact on the profits and earnings per share shall be disclosed as per Applicable Law, wherever required.

17. Listing of the Shares

Subject to the approval of the stock exchanges, the Shares issued and allotted on Exercise of the Options shall be listed on the stock exchanges on which the shares of the Company are listed.

18. Conformance to the Accounting Policies

The Company shall conform to the accounting policies prescribed by Securities and Exchange Board of India ("SEBI") and/or such other applicable authority, from time to time. However, the Company may adopt an accounting policy more stringent than the accounting policy as prescribed by SEBI and/or such other applicable authority.

19. No Restriction on Corporate Action

The existence of the ESOS – 2015 and the Grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders of the Company to make or authorise any change in capital structure; including any issue of shares, debt or other securities having any priority or preference with respect to the shares or the rights thereof or from

making any corporate action which is deemed to be appropriate or in its best interest, whether or not such action would have an adverse effect on the ESOS – 2015 or any Grant made under the ESOS – 2015 . No Employee or other person shall have any claim against the Company as a result of such action.

20. New Schemes

Nothing contained in the ESOS – 2015 shall be construed to prevent the Company directly or through any trust settled by any company, from implementing any other new scheme for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the ESOS – 2015 or any Grant made under the ESOS – 2015. No Employee or other person shall have any claim against the Company and/or trust as a result of such action.

21. Notices

All notices or communication required to be given by the Company to an Option Grantee by virtue of this ESOS – 2015 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 ESOS – 2015 shall be sent to the address mentioned below:

IDFC FIRST Bank Limited
Naman Chambers, C-32, G-Block,
Bandra-Kurla Complex,
Bandra East, Mumbai - 400051

22. ESOS – 2015 Severable

In the event that any term, condition or provision of this ESOS – 2015 being held to be a violation of or contrary to any Applicable Law, the same shall be severable from the rest of this ESOS – 2015 and shall be of no force and effect and this ESOS – 2015 shall remain in full force and effect as if such term, condition or provision had not originally been contained in this ESOS – 2015.

23. Arbitration

All disputes arising out of or in connection with the ESOS – 2015 or the Grant, Vesting or Exercise shall be referred to for arbitration to a single arbitrator to be appointed by the Company. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996, as amended from time to time. The place of Arbitration shall be Mumbai, India.

24. Governing Law and Jurisdiction

24.1 The terms and conditions of the ESOS – 2015 shall be governed by and construed in accordance with the Applicable Law of India.

24.2 Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOS – 2015:

- (i) in any court of competent jurisdiction; or
- (ii) concurrently in more than one jurisdiction.