



Employee Stock Option Scheme 2009

Bajaj Finance Limited

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1. Name, Objective and Term of the Plan

- 1.1 This Plan shall be called the “ESOP 2009”.
- 1.2 The objective of ESOP 2009 is to attract, retain, reward and motivate Employees to contribute to the growth and profitability of the Company (including subsidiary companies / holding company/associate companies/group companies⁴ if any).
- 1.3 The ESOP 2009 is established with effect from 15/12/2009 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 ESOP 2009 have been issued and exercised.
- 1.4 The Board of Directors may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2009.

2. Definitions and Interpretation

2.1 Definitions

- i. **“Agreement”** means the Employee Stock Option Agreement between the Company and the Option Grantee evidencing the terms and conditions of an individual Employee Stock Option. The Agreement is subject to the conditions of ESOP 2009.
- ii. **“Applicable Law”** means the legal requirements relating to Employee Stock Options, including, without limitation, the Companies Act, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and all relevant tax, securities, exchange control or corporate laws of India, rules, notifications, circulars issued thereunder.
- iii. **“Board”** means the Board of Directors of the Company.
- iv. **“Companies Act”** means the Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.
- v. **“Company”** means Bajaj Finance Limited and its successors and assigns.
- vi. **“Company Policies/Terms of Employment”** mean the Company’s policies for employees and the terms of employment.

⁴ Inserted vide special resolution passed by shareholders through postal ballot on 19 March 2024

- vii. **“Director”** means a member of the Board of the Company.
- viii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Compensation Committee for granting the Employee Stock Options to the employees.
- ix. **“Employee”**: means –
- (i) an employee as designated by the company, who is exclusively working in India or outside India; or
 - (ii) a director of the company, whether a whole time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or
 - (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the company, but does not include—
 - a) an employee who is a promoter or a person belonging to the promoter group; or
 - b) a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company.
- x. **“Employee Stock Option” or “Option”** means the option granted to an Employee, which gives such Employee the right to purchase or subscribe at a future date the shares underlying the option at a pre-determined price.
- xi. **“Exercise”** of an Option means expression of an intention by an Employee to the Company/Trust to purchase the Shares underlying the Options vested in him, in pursuance of the ESOP 2009, in accordance with the procedure laid down by the company for exercise of options.
- xii. **“Exercise Period”** means such time period after vesting within which the Employee should exercise the options vested in him in pursuance of the ESOP 2009.

⁴Inserted vide special resolution passed by shareholders through postal ballot on 19 March 2024.

- xiii. **“Exercise Price”** means the price payable by an Employee or his/her legal heirs or nominees in case of employee’s death or permanent incapacity in order to exercise the Option granted to him in pursuance of the ESOP 2009.
- xiv. **“ESOP Trust”** means ‘BFL Employee Welfare Trust’, which is an Employee Welfare & Benefit Trust, established by the company for the benefit of the employees of the company and which may from time to time administer the scheme and hold cash, purchase/hold/transfer shares or other securities of the company for the purposes of any of the Employee Stock Option Plans of the Company.
- xv. **“Fair Market Value/Market value”** means the latest available closing price, prior to the date of the meeting of Compensation Committee in which options are granted, 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.
- xvi. **“Grant”** means issue of Options to the Employees under the ESOP 2009.
- xvii. **“Group”** means two or more companies which, directly or indirectly, are in a position to—
- a) exercise twenty-six per cent or more of the voting rights in the other company; or
 - b) appoint more than fifty per cent of the members of the Board of Directors in the other company;
 - c) control the management or affairs of the other company;
- xviii. **“Holding company”** means any present or future holding company of the Company, as defined in the Companies Act, 2013.
- xix. **“Option Grantee”** means an Employee having a right but not an obligation to exercise an Employee Stock Option in pursuance of the ESOP 2009.

⁴ Inserted vide special resolution passed by shareholders through postal ballot on 19 March 2024

- xx. **“Permanent Incapacity”** 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 Board/Compensation Committee based on a certificate of a medical expert identified by such Committee.
- xxi. **“Promoter and promoter Group”** shall mean as defined in the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended or re-enacted from time to time.
- xxii. **“Nomination and Remuneration Committee” (also known as Compensation Committee)** means a Committee having a majority of Independent directors, constituted by the Board of Directors from time to time to administer ESOP 2009 through ESOP trust.
- xxiii. **“Retirement”** means retirement as per the rules/policies of the respective Company.
- xxiv. **“Scheme / Plan / ESOP 2009”** means this Employee Stock Option Scheme 2009 under which the Company is authorised to grant Employee Stock Options to the Employees.
- xxv. **“Shares”** means equity shares of the Company arising out of the exercise of Employee Stock Options granted under the ESOP 2009.
- xxvi. **“Subsidiary company”** means any present or future subsidiary company of the Company, as defined in the Companies Act, 2013.
- xxvii. **“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.
- xxviii. **“Vesting”** means the right of the option grantee to apply for Shares of the Company against the Employee Stock Options granted to him in pursuance of the ESOP 2009.
- xxix. **“Vesting Period”** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the ESOP 2009 takes place.

xxx. “**Vested Option**” means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.

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) 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 A. Vide the Special Resolution passed by the members of the company through postal ballot on 15/12/2009, the company has authorized the Grant of Employee Stock Options under ESOP 2009 or any other stock option schemes, in one or more tranches, to the employees of the company up to **5 % of the Paid-up Equity Share Capital (or 18,29,803 options convertible into 18,29,803 shares)** of equity shares of a face value of Rs. 10 each, with each such option conferring a right upon the employee to apply for one equity share of the Company, in accordance with the terms and conditions of such issue.

Vide the Special Resolution passed by the members of the company in 27th Annual General Meeting held on 16 July 2014, the company has approved the increase in the aforesaid limit of options by 6,77,313 options from 18,29,803 options to 25,07,116 options which is 5% of the paid-up equity shares as on 16 July 2014 i.e. 5,01,42,334 shares.

²B. Further, vide the Special Resolution passed by the members of the Company through postal ballot on 19 April 2021, the Company has approved the increase in the aforesaid limit by addition of 10,000,000 options. The maximum limit under the scheme now stand revised from 25,071,160 options (adjusted for sub-division and bonus) to 35,071,160 options.

3.2 In case of a share-split where the face value of the shares is reduced below Rs. 10, the maximum number of shares available for being granted under ESOP 2009 shall stand

modified accordingly, so as to ensure that the paid-up value (No. of shares X Face value per share) of the total shares that can be issued remains unchanged. Thus, for instance, if the face value of each share is reduced to Rs. 5, the total number of shares available under ESOP 2009 would be 36,59,606 equity shares of Rs. 5 each or, subsequent to the increase in the limit of options mentioned in clause 3.1, 50,14,233 equity shares of Rs. 5 each.

4. Administration

4.1 The ESOP 2009 shall be administered by the Remuneration and Nomination Committee (Compensation Committee) through the ESOP Trust. All questions of interpretation of the ESOP 2009 shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2009 or such Employee Stock Option.

4.2 **The Compensation Committee** shall in accordance with this Plan and Applicable Laws determine the following:

- (a) The quantum of Employee Stock Options to be granted under the ESOP 2009 per Employee, subject to the ceiling as specified in Para 3.1;
- (b) The Eligibility Criteria;
- (c) The procedure for making a fair and reasonable adjustment in case of a stock split / consolidation, rights issues and bonus issues;
- (d) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of Employees who are on long leave;
- (e) The procedure for cashless exercise of Employee Stock Options, if required;
- (f) Approve forms, writings and/or agreements for use in pursuance of the ESOP 2009.

²Inserted vide special resolution passed by shareholders through Postal Ballot on 19 April 2021.

- 4.3 ¹The Company may provide interest free loan to the ESOP Trust from time to time, on such terms as it may think fit, to enable the ESOP Trust to subscribe to the shares of the Company, for the purpose of transfer of shares to option grantee(s) on exercise of employee stock options pursuant to ESOP 2009.

5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being granted Employee Stock Options under ESOP 2009. The specific employees to whom the options would be granted and their eligibility criteria would be determined by the Compensation Committee.
- 5.2 The Scheme shall be applicable to the company, group company including subsidiary companies or its associate companies in India and abroad or its holding Company and any successor company thereof and may be granted to the Employees and Directors of the Company, group company including subsidiary company or its associate company or its holding company, as determined by the Compensation Committee on its own discretion.

6. Vesting Schedule / Conditions

The Options granted shall vest so long as the employee continues to be in the employment of the Company or group company (including subsidiary companies / associate companies/holding company, if any). The Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than 1 year and not later than 5 years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Compensation Committee, subject to the minimum vesting period of 1 year from the date of grant of options.

7. Exercise

a) Exercise Price

Market price as on the date of grant, per option where the Market price will be the closing market price one day prior to the date of Grant, on the stock exchange

¹ Inserted vide special resolution passed by shareholders at their 27th Annual General Meeting held on 16 July 2014.

where highest trading volume is registered, subject to the condition that the exercise price will not be less than the face value of the share under any circumstances.

Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the ESOP Trust or through other permissible banking channels or in such other manner as the Compensation Committee may decide.

b) **Exercise Period**

The Exercise period would commence from the date of vesting and will expire on completion of 5 years from the date of vesting of options. The shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise.

The options will be exercisable by the Employees/Legal Heirs or Nominees by a written application to the Trust to exercise the options in such manner and on execution of such documents as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period and get added back to the ESOP pool. Such options can be re-granted to employees in the future.

⁴Exercise period in case of separations-

Separations	Unvested options	Vested Options
Resignation	Cancelled	To be exercised before the last working day of the employee.
^{3 & 4}Retirement	All unvested options will vest as per the vesting schedule and to be exercised before expiry of options.	To be exercised before the expiry of options.
⁴Deputation/Transfer/Secondment/movement to another company	All unvested options will vest as per the vesting schedule and to be exercised before expiry of options.	All vested options to be exercised before expiry of options.
⁴Death	To be exercised by the legal heirs or nominee of the employee within 18 months from the date of death.	To be exercised by the legal heirs or nominee of the employee within 18 months from the date of death.
⁴Permanent Incapacity	To be exercised by the employee within 18 months from the date of disability. In case of employee's death, his nominee or legal heirs can exercise the options within 18 months from the date of death.	To be exercised by the employee within 18 months from the date of disability. In case of employee's death, his nominee or legal heirs can exercise the options within 18 months from the date of death.
Misconduct / Abandonment / Termination**	Cancelled	Cancelled
Any other event not specified above	The Compensation Committee at its sole discretion would decide the treatment of unvested options and such decision shall be final and binding.	The Compensation Committee at its sole discretion would decide the treatment of the vested options and such decision shall be final and binding.

** The Compensation Committee, at its sole discretion shall decide the date of cancellation of options and such decision shall be binding on all concerned.

³ Inserted vide special resolution passed by shareholders through Postal Ballot on 19 April 2021.

⁴ Inserted vide special resolution passed by shareholders through postal ballot on 19 March 2024.

8. Other Terms and Conditions

- 8.1 The Employee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted on Exercise of such Employee Stock Option.
- 8.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company 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.
- 8.3 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, except that the entitlement to the number of options will be adjusted in terms of section 4.2(c). Only if the employee stock options are vested and exercised and the Option Grantee is a valid holder of the shares of the Company, the Option Grantee would be entitled for bonus or rights shares of the Company.
- 8.4 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 7(b) would apply.
- 8.5 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 holder, in which case clause 7(b) would apply.
- 8.6 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

8.7 Grants to be made to New Hires / Joinees -

In case the Company (including subsidiary companies / associate companies/holding company/group company if any) proposes to grant options to the new hires / joinees, the number of options to be allocated and related terms & conditions would be decided at the meeting of the Compensation Committee.

9. Lock In

The shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise.

10. Deduction of Tax

The Company (including subsidiary companies / associate companies/holding company/group company if any) 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 or to release Shares from an escrow established in pursuance of the Agreement until the Company's tax deduction obligations, if any have been satisfied by the Option Grantee.

11. Authority to vary terms

Terms of ESOP 2009 can be varied by the Compensation Committee after getting approval for such modification from the shareholders of the Company in a general meeting. The modification should be in the interest of the employees.

The special resolution for the variation should disclose the details of the variation, the rationale therefore and details of the employees who are beneficiary of the same.

12. Miscellaneous

12.1 Government Regulations

This ESOP 2009 shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of shares under this ESOP 2009 shall also be subject to the Company requiring Employees to comply with all Applicable Laws and be subject to the approval of the Company's Counsel.

12.2 Inability to obtain authority

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

12.3 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 of the Company, give such person any right, entitlement or expectation 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.

- 12.4 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.
- 12.5 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 its group company including holding company/any of subsidiary companies and associate company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 12.6 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 in consequence of the loss or termination of his office or employment with the company its group company including holding company/any of subsidiary companies and associate company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

13 Notices

All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2009 shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee to the Company in respect of ESOP 2009 shall be sent through email to the Company Secretary or in physical form to the address mentioned below:

Bajaj Finance Limited
Corporate Office Extn:
3rd floor, Panchshil Tech Park
Above ICICI Bank,
Viman Nagar, Pune - 411014

14. Governing Law and Jurisdiction

- 14.1 The terms and conditions of the ESOP 2009 shall be governed by and construed in accordance with the laws of India.
- 14.2 The Courts of Pune, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2009.
- 14.3 Nothing in this Clause will however limit the right of the Company to bring proceedings

against any Employee in connection with this ESOP 2009:

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

15. Income Tax Rules

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