

SBFC STOCK OPTION POLICY 2024 – I

Adopted by a Special Resolution of the Shareholders' of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) at the 17th Annual General Meeting held on 28th June, 2024

1. This Policy

- 1.1. This “**SBFC STOCK OPTION POLICY 2024 - I**” (“**Policy**”) applies to the Employees of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited), a Company incorporated in India under the provisions of the Companies Act, 1956, having its registered office at Unit No. 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East) Mumbai - 400 059 (hereinafter referred to as “the **Company**”).
- 1.2. The objectives of this Policy are:
 - To provide means to enable the Company to attract and retain appropriate human capital in the employment of the Company;
 - To motivate the Employees of the Company with incentives and reward opportunities;
 - To achieve sustained growth of the Company and the creation of shareholder value by aligning the interest of the Employees with the long term interest of the Company; and
 - To create a sense of ownership and participation amongst the Employees.
- 1.3. This Policy shall be effective from the date of approval by shareholders at the 17th Annual General Meeting and shall remain in effect unless renewed or terminated earlier in accordance with the terms of Clause 13 of this Policy by the Company.
- 1.4. This Policy comprises upto a maximum of 50,00,000 (Fifty Lakhs) Options.

2. Definitions

- 2.1. In this Policy, the following expressions including their grammatical variations or cognate expressions shall, where the context so admits, have the following meaning:
 - 2.1.1. “**Acceptance Period**” means the period indicated in the Grant Letter, during which an Eligible Employee can accept the offer of Options.
 - 2.1.2. “**Act**” means the Companies Act, 2013 and the rules and regulations issued thereunder and the amendments thereto, or any such provisions of the Companies Act, 1956 which have not yet been repealed, replaced by any enactment including the Companies Act, 2013.
 - 2.1.3. “**Applicable Laws**” means every law relating to Employee Stock Option, including, without limitation to, the applicable provisions of the Act read with the Companies (Share Capital and Debenture Rules), 2014, as amended, the SEBI SBEB Regulations and includes any statutory modifications or re-enactments thereof, and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India or any relevant jurisdiction. The Applicable Law includes any provision of the applicable law, rules regulations, notifications, circular(s) or any other similar form of directives issued by the competent authority under the relevant Applicable Laws.
 - 2.1.4. “**Articles of Association**” or “**Articles**” shall mean the articles of association of the Company.
 - 2.1.5. “**Board**” or “**Board of Directors**” means the board of directors of the Company.

2.1.6. **“Cause”** means any of the following: (a) conviction of an Eligible Employee by a court of competent authority for fraud or embezzlement in the course of performance of his duties with respect to the business of the Company; (b) engagement by Eligible Employee in wilful, reckless or grossly negligent misconduct which determined by the NRC which is detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise; (c) fraud, misfeasance, breach of trust or wrongful disclosure by the Eligible Employee of any secret or confidential information about the Company; (d) a breach by an Eligible Employee of any of the material covenants under his Employment Agreement, which breach where capable of being cured has not been cured within 30 (Thirty) days of receipt of notice of such breach by the Eligible Employee from the Company; (e) employment of the Eligible Employee in any other organization or provision of services by the Eligible Employee for any other organization whilst in the employment of the Company without the previous written consent/ approval from the Board; (f) the Eligible Employee is declared bankrupt; (g) If a sexual harassment complaint against Eligible Employee has been upheld by the Company upon concluding proceedings in accordance with applicable laws.

2.1.7. **“Change in Capital Structure”** means a change in the capital structure of the Company as a result of issue of bonus or rights shares, reclassification of Shares, splitting up of the face value of Shares, sub-division of Shares, conversion of Shares into other Shares or securities and any other change in the rights or obligations in respect of Shares.

2.1.8. **“Corporate Action”** means one of the following actions:

- a) The merger, de-merger, spin-off, consolidation, amalgamation, sale of business (except to a subsidiary) or other reorganization of the Company in which not less than 50% (Fifty Percent) of the then outstanding Shares are converted into or exchanged for:
 - i. a different class of securities of the Company (excluding conversion of compulsorily convertible preference shares of the Company by any of the shareholders of the Company) or any other entity; or
 - ii. any securities of any other entity/issuer; or
 - iii. cash; or
 - iv. other property.
- b) The sale, lease or exchange of all or substantially all of the assets or undertaking of the Company to any other company or entity (except to a subsidiary).
- c) The adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up.
- d) Offer for purchase of some or all of the Shares of the Company, duly approved by the Board.

2.1.9. **“Eligible Employee” / “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 (as defined under relevant provisions of the Act) or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director of the Company;
- (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 shall 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 percent of the outstanding equity shares of the Company.

Provided however, a contractual employee can also be designated by the Company as an Eligible Employee.

- 2.1.10. **“Employment Agreement”** shall mean any agreement or understanding or terms of engagement, entered into between the Company or subsidiary of the Company, as the case may be, and an Eligible Employee, in writing, governing the relationship between the Eligible Employee and the Company or subsidiary of the Company, as the case may be.
- 2.1.11. **“Exercise”** of an Option means making an application by an Eligible Employee to the Company to purchase the Shares underlying the Options vested in such Eligible Employee, in pursuance of this Policy, in accordance with the procedure laid down by the Company / NRC for the Exercise of Options.
- 2.1.12. **“Exercise Period”** shall mean (a) within 6 (Six) months from the date of the vesting; (b) in case of termination of Employment of a Grantee, the period mentioned in Clause 8 of this Policy; and (c) in case of Clause 12.3, such period as the NRC / Board may determine.
- 2.1.13. **“Exercise Price”** means the price payable by an Eligible Employee in order to Exercise the Options granted to such Eligible Employee and shall be the price as provided in Clause 7.2.
- 2.1.14. **“Grant”** means the process by which the Company issues Options to Eligible Employees under this Policy.
- 2.1.15. **“Grant Letter”** or **“Letter of Grant”** means the letter issued by the Company / NRC intimating an Eligible Employee of the Options granted to him/her under this Policy.
- 2.1.16. **“Grantee”** means an Eligible Employee who has been granted Options in accordance with this Policy.
- 2.1.17. **“Nominee”** means any other person nominated by the Eligible Employee;
- 2.1.18. **“NRC”** shall have the meaning as assigned to it under Clause 4.1;
- 2.1.19. **“Option”** or **“Stock Option”** means option given to an Eligible Employee which gives such Eligible Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares of the Company, in accordance with the terms of this Policy.
- 2.1.20. **“Permanent Incapacity”** means any incapacity of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an employee from performing any specific job, work or task which the said employee was capable of performing immediately before such disablement, as determined by the NRC based on a certificate of a medical expert identified by the NRC.
- 2.1.21. **“Recognized Stock Exchange”** means the National Stock Exchange, Bombay Stock Exchange or any other recognized stock exchanges in India on which the Company's Shares are listed or to be listed.

- 2.1.22. “**Relevant Date**” means (a) in the case of grant, the date of the meeting of the Nomination and Remuneration Committee on which the grant is to be made/ is made and (b) in the case of exercise, the date on which notice of exercise is given to the Company by the Grantee.
- 2.1.23. “**Retirement**” means retirement as per the rules of the Company.
- 2.1.24. “**SEBI SBEB Regulations**” means the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- 2.1.25. “**Share(s)**” means the equity shares of the Company, having a face value of INR 10/- (Indian Rupees Ten) each and shall include American Depository Receipts (ADRs), Global Depository Receipts (GDRs) or other depository receipts representing underlying equity shares or securitizers convertible into equity shares.
- 2.1.26. “**Unvested Option**” means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Grantee has not become eligible to exercise the Option.
- 2.1.27. “**Vesting**” means the process by which the Employee becomes entitled to receive the benefit of a grant made to him/her under this Policy.
- 2.1.28. “**Vesting period**” means the period during which the vesting of option granted under this Policy takes place.
- 2.1.29. “**Vested Option**” means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Grantee has become eligible to exercise the Option.
- 2.1.30. “**Vesting Conditions**” means any condition subject to which the Options granted would vest in a Grantee.
- 2.2. Words and expressions used and not defined in this Policy but defined in the Act or the Articles of Association shall have the meaning assigned to them in the Act or the Articles of Association, as the case maybe.
- 2.3. In case of a conflict between the terms of this Policy and the respective Employment Agreement for each Eligible Employee, the terms of this Policy shall prevail.
- 2.4. Words and expressions used and not defined in this Policy or the Act, but defined in the Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 shall have the meaning assigned to them in such statute.
- 2.5. Interpretation
- 2.5.1. In this Policy, unless otherwise stated or intention appears:
- a) The singular includes the plural and vice versa;
 - b) The word person includes an individual, a firm, a body corporate or any other authority;
 - c) Any word or expression importing the masculine feminine or neutral genders only shall be taken to include all these genders; and
 - d) Defined words and phrases include other parts of speech and grammatical forms of them. For example, if the verb ‘Exercise’ is defined, that definition will apply also to the verb’s tenses that use ‘Exercised’, to the noun ‘Exercise’ and to the verbal noun and adjective ‘Exercising’.

- 2.5.2. The Clause headings are for information only and shall not affect the construction of this document.
- 2.5.3. A reference to an article / clause or schedule is respectively a reference to an Article / Clause or Schedule of this Policy. The Schedules, if any, to this Policy shall for all purposes form part of this document.
- 2.5.4. Reference to any Act, Rules, Regulations, Statutes or Notifications/ Circulars/ Press Notes shall include any statutory modification, substitution or re-enactment thereof.

3. ELIGIBILITY

The NRC shall have the right and discretion to identify Eligible Employees. The decision of the NRC with respect to the eligibility of an employee for Options and the terms and conditions of such Options, shall be final and is not subject to challenge.

4. GOVERNANCE

- 4.1 This Policy shall be operated and administered by the Nomination and Remuneration Committee of the Company ("**NRC**"), as constituted by the Company from time to time in accordance with its Articles of Association. For the purpose of this policy, the NRC is designated as Compensation Committee. The NRC shall have the authority to formulate and vary the terms of this Policy in accordance with the Act and Applicable Laws. Provided that any variation in the terms of this Policy by the NRC shall be subject to approval of shareholders of the Company by way of passing special resolution.
- 4.2 Where applicable, the NRC shall frame suitable policies and procedures to 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 Company and its Employees.
- 4.3 The terms prescribed by the NRC shall be final and binding on all the Eligible Employees.
- 4.4 The NRC shall, inter alia, formulate the detailed terms and conditions of the Policy which shall include the provisions as specified in Part B of Schedule – I of the SEBI SBEB Regulations.

5. GRANT OF OPTIONS

- 5.1. The NRC shall Grant to the Eligible Employee, by way of a Grant Letter, such number of Options on such terms and conditions as it deems fit albeit in accordance with the terms of the Policy, which shall include recurring awards to the same Eligible Employee. The Grant of Options to an Eligible Employee shall be deemed to be completed only upon receipt by the Company acceptance of the Grant Letter from the Eligible Employee, acknowledging acceptance of the Grant of the Options, within the Acceptance Period.

Further, the NRC shall ensure that, while Options are being Offered to the Eligible Employees, all disclosures as required under Part G of Schedule I of the SEBI SBEB Regulations shall be made by the Company to the Eligible Employees.

- 5.2. Failure by an Eligible Employee to submit the acceptance of the Grant Letter, within the Acceptance Period and in the manner set out in Clause 5.1 above, shall result in lapse of the Options and the Eligible Employee shall not receive any Options.
- 5.3. The Grant Letter shall, amongst other information, clearly specify:
- 5.3.1. the number of Options being granted;

- 5.3.2. the details of vesting, including a vesting schedule or performance criteria, if any;
 - 5.3.3. the Exercise Price of the Options and the Exercise Period;
 - 5.3.4. the Acceptance Period and procedure in connection with the Grant of Options to the Eligible Employee; and
 - 5.3.5. such other terms and conditions of the Grant as may be determined by the NRC, provided they are not inconsistent with this Policy.
- 5.4. Options granted under this Policy are personal to the Grantee and are non-transferable. No other person other than the Eligible Employee shall be entitled to the benefit arising out of the Options.
 - 5.5. A Grantee shall have the right to appoint any individual or legal entity in writing as his nominee under this Policy, in the event of his death. Such designation may be revoked or changed at any time by the Grantee, by informing the Company, in writing in the prescribed format.
 - 5.6 Neither Grantee, nor his successor in interest, shall have any of the rights of a shareholder of the Company with respect to the Shares for which the Option is granted until Options are exercised and Shares are allotted by the Company to the Eligible Employee on payment of the Exercise Price.

6. VESTING OF OPTIONS

- 6.1. The Options shall vest only after 12 (Twelve) months from the date of the Grant, in the manner set out in Clause 6.2 below.

Provided that in the event of death or Permanent Incapacity of an Eligible Employee, the minimum vesting period of one year shall not be applicable and in such instances, the options shall vest in terms of Clause 8.1 of this Policy, on the date of the death or Permanent Incapacity.

- 6.2. Vesting Period and Schedule

- 6.2.1 Subject to Clause 8 and Clause 12.3 of this Policy, unless otherwise stated in the Grant Letter, the Options shall vest over a period of 36 (Thirty Six) months after the expiry of the Cliff i.e. over a period of 48 (Forty Eight) months from the date of Grant, as per the schedule below. For the purpose of calculating the time duration for vesting under this Clause 6.2, continued and uninterrupted employment of the Grantee shall be taken in to consideration.

# of month from Grant Date	% Vesting
12 months	25%
15 months	6.25%
18 months	6.25%
21 months	6.25%
24 months	6.25%
27 months	6.25%
30 months	6.25%
33 months	6.25%
36 months	6.25%
39 months	6.25%

42 months	6.25%
45 months	6.25%
48 months	6.25%

- 6.2.2 Notwithstanding anything to the contrary in this Policy, the NRC shall be entitled to make the Vesting of any or all of the Options awarded to an Employee conditional upon the fulfilment of such performance criteria whether of the Employee and/ or any team or group of which he is a part and/ or of the Company, as may be determined by the NRC or determine a Vesting schedule other than that specified herein above for any Employee or class of Employees.
- 6.2.3 Subject to the Grant Letter, unless the NRC provides otherwise, the Vesting of Options Granted hereunder shall be suspended during any authorized or unauthorized leave of absence for such period as may be determined by the NRC as per its discretion and such decision in this regard shall be final and binding on the Grantees.
- 6.2.4 Subject to Clause 8.1. of this Policy, the vesting of Options in case of cessation of employment in any case shall stop as on the date of resignation or termination itself. For further clarification, any form of notice period shall not be considered for determining the vesting status.
- 6.3. Notwithstanding anything to the contrary in this Policy, the NRC shall be entitled, in its absolute discretion, to vary or alter the vesting schedule from Grantee to Grantee or class thereof, as it may deem fit, subject to fulfillment of minimum vesting period as set out in clause 6.1.

7. EXERCISE OF OPTIONS

7.1. Exercise Period

- 7.1.1 Subject to the provisions of Clause 8 and Clause 12.3 of this Policy, Options vested can only be exercised during the Exercise Period by submitting an application to the NRC / Authorized Official of the Company to allot and/or transfer to him/her Shares underlying the Options, accompanied by payment of an amount calculated at the Exercise Price in respect of such Shares and such other writing, if any, as the NRC may specify to confirm extinguishment of the rights comprising in the Options then exercised..
- 7.1.2 Options vested shall have to be mandatorily exercised within the Exercise Period. Notwithstanding any provisions to the contrary in this Policy, the Options shall lapse if not exercised within the Exercise Period.
- 7.1.3 On receipt of a valid application for Exercise of Vested Options together with the payment of the Exercise Price thereof and compliance of such other requirements in this regard, the Board/ NRC / Authorised Official of the Company shall cause to allot/transfer such specified Shares to the Grantee.
- 7.1.4 Subject to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Code Of Conduct For Prevention Of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information adopted by the Company, as applicable, the Board and/ or NRC shall also have the right to impose a 'quiet period' at its discretion, during which period, any Eligible Employee who has been issued Shares (on the Exercise of Vested Options) shall not be permitted to transfer, sell or dispose-off his/ her Shares acquired under this Policy in any manner whatsoever, other than as may be determined by the Board and/ or NRC.

7.2. Exercise Price

Unless otherwise stated in the Grant Letter, the Exercise Price of per vested Option shall be the average of closing price of immediate five trading days of the Relevant Date in case of grant.

7.3. Exercise of Grants

- 7.3.1. Upon Exercise by a Grantee of the Options granted pursuant to this Policy, the Grantee shall pay to the Company the Exercise Price through normal banking channel.
- 7.3.2. All Shares acquired under this Policy will rank pari passu with all other Shares of the Company already issued. The Grantee will be eligible to receive dividends on the Shares (as and when declared) once he / she becomes a shareholder.
- 7.3.3. A Vested Option shall be deemed to be exercised only when the NRC receives notice of exercise in either written, electronic or in any other manner notified by the NRC, from the Grantee.
- 7.3.4. The Shares so acquired by the Grantee pursuant to this Policy, and any bonus or right shares or right to acquire share in respect of the Shares so acquired under this Policy, shall be subject to applicable restrictions under this Policy.
- 7.3.5. Notwithstanding anything contained elsewhere in this Policy, the Board may, if the exercise of Options within the Exercise Period is prevented by any law or regulation in force, defer or refuse to permit the exercise of Options before the time it is allowed by the Applicable Laws or regulations and in such an event the Company shall not be liable to pay any compensation or similar payment to the Grantee for any loss suffered due to such refusal. Provided further, that the Board shall have the power and be and is hereby authorized to cancel all or any of the Options granted under this Policy if so required under any law or guidelines for the time being in force.

8. CONSEQUENCES OF CESSATION OF EMPLOYMENT

- 8.1. In the event that a Grantee's association with the Company ceases, the following consequences shall apply with respect to the vested and unvested Options:

SR. NO.	EVENT	CONSEQUENCES WITH RESPECT TO VESTED OPTIONS	CONSEQUENCES WITH RESPECT TO UNVESTED OPTIONS
1.	Termination of Employment for Cause	Lapse immediately with no further obligation of the Company.	Lapse immediately with no further obligation of the Company.
2.	Resignation or Termination of Employment in accordance with the terms of Employment Agreement	In case of resignation or termination, all the Vested Options as on date of such resignation or termination shall be Exercisable by the Employee within 90 days from his/her last working day with the Company or such time as maybe extended by the Committee.	Lapse immediately with no further obligation of the Company.

SR. NO.	EVENT	CONSEQUENCES WITH RESPECT TO VESTED OPTIONS	CONSEQUENCES WITH RESPECT TO UNVESTED OPTIONS
3.	Retirement / Early Retirement / Superannuation	<p>In the case of retirement under a voluntary retirement scheme of the Company or subsidiary company, as the case may be, if any, or retirement on attaining the superannuation age or onwards, the options shall continue to remain vested in accordance with the vesting schedules as mentioned in respective Grant Letters in accordance to this Policy.</p> <p>All vested Options Shall be exercised by the Grantee or their legal heirs within 90 days from the last date of employment.</p>	<p>In the case of retirement under a voluntary retirement scheme of the Company or subsidiary company, as the case may be, if any, or retirement on attaining the superannuation age or onwards, all Unvested Options on the last working day shall continue to vest in accordance with the vesting schedules as mentioned in respective Grant Letters in accordance to this Policy.</p> <p>All the Options so vested, shall be exercisable in the manner provided alongside.</p>
4.	Death or Permanent Incapacity	<p>In case of Death or Permanent Incapacity, all the Vested Options as on the date of death or Permanent Incapacity of the Employee may be exercised by the Grantee, Nominee or legal heirs of the Employee, as applicable, within the Exercise Period mentioned in the Grant Letter.</p> <p>In case of Death or Permanent Incapacity, all the Vested Options as on the date of death or Permanent Incapacity of the</p>	<p>All the Unvested Options as on date of termination due to Permanent Incapacity of the Employee shall Vest in him/her immediately.</p> <p>In case of cessation of employment in the event of death of an Employee while in employment or while serving as a Director, all Unvested Options granted to the</p>

SR. NO.	EVENT	CONSEQUENCES WITH RESPECT TO VESTED OPTIONS	CONSEQUENCES WITH RESPECT TO UNVESTED OPTIONS
		Employee may be exercised by the Grantee, Nominee or legal heirs of the Employee, as applicable, within a period of 12 (twelve) months from the date of occurrence of such an event.	Employee shall immediately vest, with effect from his/ her death in the legal heirs or nominees of the deceased Employee, as the case may be, as indicated in the nomination form. All the Options so vested, shall be exercisable in the manner provided alongside.
5.	Abandonment*	All the Vested Options shall stand cancelled	All Unvested Options shall stand cancelled

** The Board/ Nomination and Remuneration Committee, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned*

8.2. Other Conditions

Notwithstanding anything to the contrary stated in this Policy, upon the occurrence of a special circumstance not contemplated herein, the NRC/Board shall have the absolute discretion to forfeit, call back or deal with the Options granted to a Grantee in any way as it deems fit and such decision taken by the NRC/ Board shall be final in this regard.

8.3. Consequences with respect to Shares issued upon Exercise of Vested Options

The NRC shall have the right and discretion to determine the consequences of cessation of employment with respect to the Shares issued upon Exercise of Vested Options in any way as they deem fit and such decision taken by the NRC shall be final in this regard.

9. NON-ASSIGNABILITY

9.1. The Option shall not be transferable or assignable by the Grantee, otherwise than by will or the laws of descent and distribution and the Option shall be exercisable, during the Grantee's lifetime, only by him or, during period of legal disability, by his legal representative. No Option shall be subject to execution, attachment or similar process.

9.2. The Options shall not be pledged, hypothecated, mortgaged, encumbered or otherwise transferred/alienated.

10. TERMS AND CONDITIONS OF SHARES

10.1 Transfer of Shares by Grantee

10.1.1 Transfer of Shares issued upon Exercise of Vested Options by Grantee shall be subject to terms of the Articles of Association of the Company.

- 10.1.2 The Grantee 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 Stock Options granted, unless the Grantee Exercises the Option and becomes a registered holder of the Shares of the Company.

11. CASH SETTLEMENT

The Board may at any time, at its sole discretion, decide to offer cash consideration to Grantees against the vested Options, at such price, as the Board may determine, in order to provide certain liquidity to such Grantees. Where the Board decides to exercise its right to cash settlement under this Clause 11, the Grantees shall be obliged to accept such cash settlement.

12. CHANGE IN CAPITAL STRUCTURE OR CORPORATE ACTION

- 12.1. Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Company, at its discretion as to number and price of Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined in this Policy.
- 12.2. The existence of this Policy and the Grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders or the Company to make or authorize any 'Change in Capital Structure' or any 'Corporate Action' including any issue of Shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof.
- 12.3. In case of a 'Change in Capital Structure' or a 'Corporate Action', the Board may decide the treatment of outstanding Options, whether vested or unvested, as it may deem fit in its discretion and subject to Applicable Laws – including but not limited to accelerating the vesting of Options, cashing-out the Options, amending the Exercise Period, and so on and so forth.

13. AMENDMENT OR TERMINATION OF THIS POLICY

- 13.1. The Board/NRC in its absolute discretion may from time to time amend, alter or terminate this Policy or any Grant or the terms and conditions thereof in accordance with the Act and Applicable Laws. Provided that, no amendment, alteration or termination in any Grant previously made may be carried out, to the extent possible, which would impair or prejudice the rights of the Eligible Employee without the consent of the concerned Eligible Employee subject to compliance with Applicable Laws. Provided that any variation in the terms of this Policy by the Board/NRC shall be subject to approval of shareholders of the Company by way of passing special resolution.
- 13.2. Subject to the Act and Applicable Laws, without prejudice to the above, the Board / NRC can, without any reference to or consent of the Eligible Employee concerned and without seeking shareholders' approval by special resolution, amend this Policy or Grant or any agreement to comply with any laws, regulations or guidelines, which is or may hereinafter, become applicable to this Policy.
- 13.3. The Company may by special resolution in a general meeting vary the terms of the Policy offered pursuant to an earlier resolution of the general body but not yet exercised by the Eligible Employee provided such variation is not prejudicial to the interests of the Eligible Employees.

13.4 The notice for passing a special resolution for variation of terms of the Policy shall disclose full details of the variation, the rationale therefor, and the details of the Employees who are beneficiaries of such variation.

14. MISCELLANEOUS

- 14.1. **No Right to a Grant:** Neither the adoption of this Policy nor any action of the Company shall be deemed to give an Eligible Employee, any right to be granted an Option, to purchase Shares, or to any other rights hereunder except as may be evidenced by the Grant Letter duly executed on behalf of the Company, and then only to the extent of and on the terms and conditions expressly set forth therein.
- 14.2. **No Employment Rights Conferred:** Nothing contained in this Policy or in any Grant made hereunder shall (i) confer upon any Eligible 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 his or her employment at any time.
- 14.3. **No Restriction of Corporate Action:** Nothing contained in this Policy shall be construed to prevent the Company from taking any Corporate Action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Policy. No Eligible Employee, beneficiary or other person shall have any claim against the Company as a result of such action.
- 14.4. **No Guarantee of Return:** Participation in this Policy shall not be construed as any guarantee of return on the equity investment on Exercise of the Options. Any loss due to the investment and the risks associated with the investment is that of the Employee alone. The Participants are requested to review this Scheme carefully and obtain expert professional advice with regard to specific legal, tax and financial implications of the participation in the Scheme.
- 14.5. **Taxation:** All taxation will be to the Eligible Employee's account. The Company shall have the right to deduct/recover from the Eligible Employee, in connection with the Exercise of Options, any taxes required by law to be deducted at source/paid and to require any payments necessary to enable it to satisfy such obligations.
- 14.6. **Confidentiality:** The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to this Policy, Grant, the Grant Letter or any connected matter. Any violation may result in cancellation of Grant or compulsory retransfer of Shares to a nominee as the Company may deem fit without prejudice to the other action which may be taken in this regard.
- 14.7. **New Schemes:** Nothing contained in this Policy shall be construed to prevent the Company directly or through any trust settled by Company, from implementing any other new Employee Stock Option Policy/Scheme 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 this Policy or any Grant made under this Policy. No Employee or other person shall have any claim against the Company and/or trust as a result of such action.
- 14.8. **Issues:** In respect of any issues arising in respect of this Policy, the decision of the Board shall be final and binding on all concerned.
- 14.9. **Governing Law:** This Policy shall be construed in accordance with the laws of India. The Shares issued pursuant to this Policy shall be governed by the corporate and securities

laws of India and in a case where the Shares are listed on a stock exchange in a country other than India, the laws of the country / stock exchange in which the Shares are listed shall also apply.

- 14.10 **Certificate from Secretarial Auditors:** The Board shall at each annual general meeting place before the shareholders a certificate from the secretarial auditors of the Company that the Policy has been implemented in accordance with the Applicable Laws and in accordance with the resolution of the Company in the general meeting.
- 14.11 **Disclosures:** The Company shall make the necessary disclosure as required under the Act and SEBI SBEB Regulations.
- 14.12. This Policy is purely at the discretion of the Company.

For SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Jay Mistry
(Company Secretary &
Chief Compliance Officer)
(ICSI Membership No. ACS
34264)