

# KOTAK MAHINDRA EQUITY OPTION SCHEME 2023

## ARTICLE 1 TITLE & PREAMBLE

**THE KOTAK MAHINDRA EQUITY OPTION SCHEME 2023** (hereinafter referred to as the '**Scheme**' or '**ESOP Scheme 2023**') has been adopted by the Board of Kotak Mahindra Bank Limited ("**Company**") by a resolution passed at the meeting of the Board held on November 17, 2023, subject to the approval of the members of the Company in accordance with applicable law and such other approvals as may be necessary or required by applicable law or otherwise. On December 22, 2023, the members of the Company have approved the ESOP Scheme 2023 by passing a special resolution in accordance with applicable law and have also granted their consent to create, issue, grant and offer the Options to the Employees as per the ESOP Scheme 2023 and have authorized the issuance and allotment of such number of equity shares pursuant to exercise of the Options by the Employees, whether in India or abroad, in accordance with the terms of this ESOP Scheme 2023 and at a price determined as per this ESOP Scheme 2023, which shall not exceed in aggregate \*[1,10,00,000 (One crore Ten lakh only) equity shares of the Company of the face value of Rs.5/- (Rupees Five) each (which is equivalent to 0.55% of the issued equity shares of the Company as at December 31, 2024)] or such number of equity shares of the Company of such face value, as may result from any adjustment in the number of Options or adjusted Exercise Price, as determined by the Board (which term shall include the Nomination and Remuneration Committee ("**NRC**"), constituted and authorized by the Board to exercise its powers and/or such other persons who may be authorised by the Board or NRC in this regard) in a manner such that any such adjustment is not prejudicial to the interest of the Employees, resulting from any Change in Capital Structure or any Corporate Action, in accordance with the terms herein, once the Scheme is implemented.

## ARTICLE 2 DEFINITIONS & INTERPRETATION

In the Scheme, the following expressions only when mentioned in the capitalized form including their grammatical variations and cognate expressions shall have the following meaning, irrespective of whether such terms are used before or after this clause:

### GENERAL DEFINITIONS:

- 2.1 '**Act**' means the Companies Act, 2013, including any rules, guidelines, notifications, clarifications, circulars and press releases issued by the Ministry of Corporate Affairs, Government of India, from time to time, and any statutory modification or re-enactment of the foregoing from time to time;
- 2.2 '**Award Letter**' shall be the letter issued in writing, either in physical form or in electronic form, to the Employee(s) who are granted Options in accordance with this Scheme and as per the template given in Annexure-I herein.
- 2.3 '**Board**' means the board of directors of the Company for the time being and where the context so requires, shall include the Nomination and Remuneration Committee constituted by the Board to exercise its powers and/or such other persons who may be authorised by the Board or the Nomination and Remuneration Committee in this regard;
- 2.4 '**Change in Capital Structure**' means a change in the capital structure of the Company resulting in the issue of Resultant Shares, including as a result of: (i) re-classification of Shares; (ii) splitting up of the face value of Shares; (iii) sub-division of Shares; (iv) issue of bonus Shares; (v) issue of Shares on rights basis and/or (vi) similar events;

*\* amended pursuant to approval of the members of the Bank on February 20, 2025 by means of Postal Ballot process.*

2.5 **'Company'** means Kotak Mahindra Bank Limited, a company incorporated under the Companies Act, 1956 and having CIN: L65110MH1985PLC038137 and its registered office at 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, and any reference to the term 'Company' includes and means its successors and assigns;

2.6 **'Corporate Action'** means any of the following events:

- (i) merger, de-merger, spin-off, consolidation, amalgamation, sale of business, dissolution or other reorganization of the Company in which the Shares are converted into or exchanged for:
  - a. a different class of Securities of the Company; or
  - b. any Securities of any other issuer/company; or
  - c. cash; or
  - d. other property;
- (ii) the sale, lease or exchange of all or substantially all of the assets or undertaking of the Company or sale or disposal or cessation of a Subsidiary;
- (iii) the adoption by the members of the Company of a scheme of liquidation, dissolution or winding up; and
- (iv) any other event, which in the opinion of the Board has a material impact on the business of the Company;

2.7 **'Employee'** means –

- (i) an employee as designated by the Company, who is exclusively working for the Company in India or outside India and satisfies the criteria for eligibility as may be determined by the Nomination and Remuneration Committee from time to time; or
- (ii) an executive director of the Company who is not a Promoter or member of the Promoter Group of the Company; or
- (iii) an employee as defined in (i) and (ii) above, of a Subsidiary, in India or outside India, of the Company,

but shall not include:

- a. an employee who is a Promoter or a person belonging to the Promoter Group of the Company;
- b. a director who, either himself or through his/her Relative or through any body corporate, directly or indirectly, holds more than 10% (Ten Per Cent) of the outstanding Shares of the Company;

2.8 **'Exercise'** means making of an application by an Optionee to the Company for issuance of Shares against Vested Options in pursuance of the Scheme, within the relevant Exercise Period, by following such process as may be prescribed by the Company or the Nomination and Remuneration Committee from time to time and accompanied with payment of the Exercise Price for the Shares and the requisite tax amount payable thereon;

- 2.9 **‘Exercise Period’** in relation to Options granted by the Company, means the period commencing from the Vesting Date and ending on such date as may be determined by the Board/ Nomination and Remuneration Committee, after which Options that are Vested cannot be Exercised by the Employee. The Exercise Period shall not exceed 5 (Five) years from the date of vesting of the options;
- 2.10 **‘Exercise Price’** shall be a price, as may be determined by the Board/Nomination and Remuneration Committee, payable by the Employee for Exercising Options granted in pursuance of the Scheme, which will not be less than the Market Price on the day prior to the Grant Date.
- The **‘Market Price’** would mean the closing price of equity shares of the Company on the stock exchange on which the equity shares of the Company are listed on a trading day prior to the Grant Date under a Plan Series under the ESOP Scheme 2023. In case the equity shares of the Company are listed on more than one stock exchange, then the closing price on the stock exchange where there was highest trading volume on such trading day, shall be considered for determining the Market Price;
- 2.11 **‘Fair Value’** means, the fair value of an Option, calculated in accordance with the Guidance Note on Accounting for Employee Share-Based Payments, as may be prescribed by the Institute of Chartered Accountants of India or prescribed under the relevant accounting standard, as may be applicable to the Company, from time to time;
- 2.12 **‘Grant’** means individually or collectively, any Options granted to an Employee by the Board/ Nomination and Remuneration Committee in accordance with the terms of the ESOP Scheme 2023, including in several tranches, such that each tranche is covered by a unique / different Plan Series and all Options granted under a specific Plan Series shall have the same terms and conditions applicable to other Options issued pursuant to that Plan Series;
- 2.13 **‘Grant Date’** means the date on which the Options are Granted to the Optionee as per the provisions of the ESOP Scheme 2023;
- 2.14 **‘Nomination and Remuneration Committee’** or **‘NRC’** means the nomination and remuneration committee of the Board, constituted under the provisions of the Act and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), and designated to act as the ‘Compensation Committee’ for the purposes of administration and superintendence of this Scheme, in accordance with the proviso to Regulation 5(2) of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI Regulations”);
- 2.15 **‘Option’** means an option given to an Employee which gives him/her a right to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at the Exercise Price;
- 2.16 **‘Optionee’ / ‘Option Grantee’** means an Employee who has been granted any Option(s) under the ESOP Scheme 2023 and where the context requires, shall include the nominee or legal heir of an Employee as prescribed in the ESOP Scheme 2023 and the SEBI Regulations;
- 2.17 **‘Plan Series’** means a documented plan framed by the Board/NRC for Grant of Options at a specific Exercise Price, in one or more tranches, which shall be determined for the purpose of that particular plan series and as per the other terms and conditions as mentioned in that plan series, in the format annexed hereto as Annexure-I or as near thereto as the circumstances require;
- 2.18 **‘Promoter’** shall have the same meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any amendment thereof for the time being in force;

- 2.19 **'Promoter Group'** shall have the same meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any amendment thereof for the time being in force;
- 2.20 **'Relative'** means a relative as defined under Section 2(77) of the Act;
- 2.21 **'Resultant Shares'** means the shares or other Securities issued in lieu of the Shares, pursuant to any Change in Capital Structure or any Corporate Action;
- 2.22 **'Scheme' / 'ESOP Scheme 2023'** means this Scheme, namely, 'Kotak Mahindra Equity Option Scheme 2023', as formulated by the Nomination and Remuneration Committee and approved by the Board and the members of the Company;
- 2.23 **'SEBI'** means the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992;
- 2.24 **'SEBI Regulations'** means the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including any amendments or re-enactments thereof for the time being in force;
- 2.25 **'Securities'** means securities as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956;
- 2.26 **'Shares'** means the equity shares of the Company and securities of the Company convertible into equity shares of the Company and shall include American Depository Receipts, Global Depository Receipts or other depository receipts representing underlying equity shares or securities convertible into equity shares of the Company;
- 2.27 **'Subsidiary'** means a subsidiary company of the Company, as defined under Section 2(87) of the Act;
- 2.28 **'Superannuation'** shall mean superannuation as defined in the relevant policies, rules or regulations of the Company or a Subsidiary, in force, as the case may be;
- 2.29 **'Surrender Value'** means the amount determined in accordance with the provisions of the applicable sub-article such that it is not prejudicial to the interest of the Optionees, and is as hereinafter stated:
- (i) the price per Share, whether in cash or otherwise, offered to members of the Company pursuant or related to a Corporate Action taking place; and
  - (ii) the value of an Option, determined by the Board/NRC, on the date of cancellation and surrender of any Option for events other than those described in sub-article (i).
- If the consideration offered to members of the Company, in the event of a Corporate Action, consists of anything other than cash, the Board/NRC shall determine the fair cash equivalent of such part of the consideration which is offered other than in cash;
- 2.30 **'Vesting'** means the process by which an Employee becomes entitled to Exercise his right to apply for Shares pursuant to the Options granted to him/her under the ESOP Scheme 2023;
- 2.31 **'Vesting Date'** means the earliest date on which the rights under the Options can be exercised by an Employee in accordance with the provisions of this Scheme; and
- 2.32 **'Vesting Period'** means the period between the Grant Date and the Vesting Date, subject to the condition that the said period shall not be less than 1 (One) year from the Grant Date.

## **INTERPRETATION:**

In this Scheme, unless the contrary intention appears:

- 2.33 the singular includes the plural and *vice versa*;
- 2.34 any word or expression importing the masculine, feminine or neuter genders, shall be taken to include all three genders;
- 2.35 the words “including” and “*inter alia*” shall be deemed to be followed by “without limitation” or “but not limited to” whether or not those words are followed by such phrases or words of like import;
- 2.36 the words “herein”, “hereunder”, and “hereto” and words of similar import refer to this Scheme as a whole and not to any article of this Scheme, unless so specified;
- 2.37 any capitalized term defined in Article 2 of this Scheme shall also include such term with any of its grammatical variations and/or cognate expressions and any such grammatical variation and/or cognate expression when used in the capitalized form in the Scheme shall have the meaning assigned to the term defined in Article 2 of this Scheme of which they are grammatical variations and/or cognate expressions.

## **ARTICLE HEADINGS:**

- 2.38 Headings or title of articles herein are for information only and shall not affect the construction or interpretation of this Scheme.

## **REFERENCES:**

- 2.39 A reference to this Scheme includes reference to any article, schedule and appendix to it, and references to articles, schedules and appendices are to articles, schedules and appendices to this Scheme.
- 2.40 A reference to a statute or a statutory provision includes a reference to any order, regulation, or other subordinate legislation made thereunder from time to time, and references to any statute, provision, order, or regulation include references to that statute, provision, order, or regulation as amended, modified, re-enacted or replaced, from time to time.

## **ARTICLE 3 OBJECTS**

The objects of the Scheme are:

- 3.1 To provide means to enable the Company and its Subsidiaries, to attract and retain appropriate talent in the employment of the Company and its Subsidiaries;
- 3.2 To motivate Employees of the Company and its Subsidiaries, with incentives and reward opportunities;
- 3.3 To achieve sustained growth of the Company and its Subsidiaries and to encourage value creation and value sharing with the Employees by aligning the interests of the Employees with the long-term interests of the Company and its Subsidiaries; and
- 3.4 To create a sense of ownership and participation amongst the Employees of the Company and of its Subsidiaries.

## **ARTICLE 4 IMPLEMENTATION**

- 4.1 The Scheme shall be implemented by the NRC under the broad policy and framework laid down by the Company and/or to the extent permissible under the SEBI Regulations, by the Board, in

accordance with the authority delegated to the NRC in this regard, from time to time. Any amendments, modifications and alterations to the Scheme shall be subject to the SEBI Regulations and may be made with the approval of the Board and/or members of the Company, as applicable. Such amendments will include amendments modifications and alterations in any Plan Series framed, from time to time, under the Scheme.

## **ARTICLE 5 PLAN SERIES**

- 5.1 At such times after the ESOP Scheme 2023 comes into effect, as deemed fit by the Board/NRC, it shall, formulate various Plan Series based on the recommendations of the management of the Company. The Board/NRC, on the basis of the recommendations of the management, may thereafter decide on the Employees who could be Granted Options, at its discretion, and the terms and conditions of the Grant. The Board/NRC may, in its absolute discretion, vary or modify the terms and conditions of the Grant for any Employee or class of Employees, provided they are not detrimental to the interests of the Employees.

## **ARTICLE 6 EFFECTIVE DATE AND DURATION OF THE ESOP SCHEME 2023**

- 6.1 The ESOP Scheme 2023 shall be deemed to have come into force on the date of receipt of the members' approval to the Scheme ("**Effective Date**").
- 6.2 The ESOP Scheme 2023 shall remain in effect until the occurrence of any of the following events, whichever is earlier:
- (i) all Options Granted under the ESOP Scheme 2023 have been Exercised and/or have expired by reasons of lapse of time or otherwise; or
  - (ii) any event, including the occurrence of a Corporate Action, pursuant to which the Company is to lose its existence, specifically being the effective date of any court / tribunal / the Reserve Bank of India / competent authority sanctioned scheme or the date on which a winding up order is passed against the Company or any order passed by the Reserve Bank of India / competent authority.
- 6.3 With the ESOP Scheme 2023 coming into force from the Effective Date, no new grants shall be made under the Kotak Mahindra Equity Option Scheme 2015.
- 6.4 The Options under the ESOP Scheme 2023 may be Granted during a period of 7 (seven) years from the Effective Date. Thereafter, no new grants shall be permitted under the ESOP Scheme 2023.

**ARTICLE 7**  
**NOMINATION AND REMUNERATION COMMITTEE**

- 7.1 The NRC of the Board constituted by the Company in terms of the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations, is hereby designated and shall act as the 'Compensation Committee' for administration and superintendence of the ESOP Scheme 2023 as mandated under the SEBI Regulations. The Board shall, at its sole discretion, have the power to appoint any director as a member of the NRC and to remove any such director so appointed and appoint another in his/her place and any such appointment and/or removal shall be made by a resolution of the Board, such that the composition of the NRC at all times is in compliance of the requirements under Section 178 of the Act, Regulation 19 of the Listing Regulations or any other applicable laws. The NRC shall be entitled to invite any person to attend its meetings and participate in the discussion and deliberations if it so thinks fit. The NRC, in the exercise of its powers, may require any information from the Company and/or seek the assistance of any Employee as it may deem fit, to fully and effectively discharge its duties.
- 7.2 It is envisioned herein that several tranches of Options in a Plan Series may be granted by the Company in accordance with the terms of this ESOP Scheme 2023 and the applicable law. In the light of the foregoing, the NRC is vested with the power to formulate the detailed terms and conditions based on which the various tranches of Options in a Plan Series are granted pursuant to the ESOP Scheme 2023, whether on the same date or on different dates and with same or similar or different terms governing each tranche of Options to be granted by the Company. The powers of the NRC, *inter alia*, include the following powers:
- (i) to formulate various Plan Series, as necessary, and decide Grants to the Employees under the ESOP Scheme 2023, from time to time;
  - (ii) to determine the Employees to whom Options are to be granted, number of Options to be granted per Employee and in aggregate, the Exercise Price, the Vesting Date, the Vesting schedule and the proportion of Options that shall vest on each of the Vesting Dates and other terms and conditions in respect of Grants made / Plan Series under the ESOP Scheme 2023;
  - (iii) to determine the Vesting conditions, that are required to be fulfilled by the Employees;
  - (iv) lay down the terms and conditions based on which the Options Vested in Optionees may lapse, continue, or be retained by Optionees, in case of termination of employment (other than resignation) of such Optionees and the NRC in framing such terms shall be guided by the provisions of this ESOP Scheme 2023 and applicable law;
  - (v) lay down the terms and conditions based on which Options vested in Optionees may lapse, in case of voluntary surrender of Options by Optionees and the NRC in framing such terms shall be guided by the provisions of this ESOP Scheme 2023 and applicable law;
  - (vi) lay down the terms and conditions based on which vested Options may be permitted to be exercised in case of resignation by such Optionees and the NRC in framing such terms shall be guided by the provisions of this ESOP Scheme 2023 and applicable law;
  - (vii) to determine the Exercise Period within which the Optionee should Exercise the Options and terms on which the Options would lapse on failure to Exercise the same within the Exercise Period;
  - (viii) to determine the Vesting Period within which the Vesting conditions should be fulfilled so that the Options Vest with the Optionees;
  - (ix) to specify the time period within which the Optionees shall Exercise the Options Vested, in the event of resignation by Optionees;

- (x) lay down, in compliance with applicable law, including the SEBI Regulations and the applicable accounting policies, the procedure, mechanism and formula/construct for making fair and reasonable adjustments to the number of Options and/or to the Exercise Price in case of any Corporate Action or pursuant to any Change in Capital Structure, such that it is not prejudicial to the interest of the Optionees;
- (xi) to provide for the right of an Optionee to Exercise all the Options Vested in him/her at one time or at various points of time within the Exercise Period;
- (xii) to lay down the method for satisfaction of any tax obligation arising in connection with the Options or the Shares;
- (xiii) to provide for the Grant, Vesting and Exercise of Options in case of Optionees who are on long leave or sabbatical, by whatever name called, in accordance with the policies of the Company;
- (xiv) to formulate terms and mechanism for repricing of the Options, whether by way of change in the number of Options or the Exercise Price or both, such that the terms are not prejudicial to the interest of the Optionees and shall be guided by the provisions of this ESOP Scheme 2023, SEBI Regulations and other applicable law;
- (xv) to lay down the procedure for transfer of benefits granted to the Optionees under the ESOP Scheme 2023 in the case of transfer/deputation of the Optionees to any Subsidiary or between Subsidiaries *inter se*;
- (xvi) to formulate other detailed terms and conditions of the ESOP Scheme 2023, including terms in relation to the matters enumerated hereinbefore;
- (xvii) administration and superintendence of the ESOP Scheme 2023, in accordance with the SEBI Regulations and other applicable law. and
- (xviii) to settle all questions, difficulties or doubts that may arise in relation to the Scheme, in its sole and absolute discretion, and give such directions as may be deemed necessary or expedient in connection with or incidental for administration and superintendence of the ESOP Scheme 2023.

7.3 The number of members of the NRC and their powers and functions can be specified, varied, altered or modified from time to time by the Board subject to applicable law. The Board may further provide that the NRC shall exercise certain powers only after consultation with the Board and in such case, the said powers shall be exercised accordingly.

7.4 No member of the NRC shall be personally liable for any decision or action taken in good faith with respect to the ESOP Scheme 2023.

## **ARTICLE 8 GRANT OF OPTIONS**

8.1 The Board/NRC may, from time to time, based on the recommendation of the management of the Company and the appropriate authority of its Subsidiaries, as the case may be, make Grants to one or more Employees which shall include recurring Grants to the same Employee and the terms and conditions of Grant. The aggregate number of Shares underlying the Options that may be granted under the ESOP Scheme 2023 shall not exceed \*[1,10,00,000 (One crore Ten lakh only) Shares of the Company of the face value of Rs. 5/- (Rupees Five) each (which is equivalent to 0.55% of the issued share capital of the Company as on December 31, 2024), or such adjusted numbers of such face value, as may be determined by the Board/ NRC, due to Change in Capital Structure or any Corporate Action once the Scheme is implemented, which shall not be prejudicial to the interest of the Employees.

*\* amended pursuant to approval of the members of the Bank on February 20, 2025 by means of Postal Ballot process.*



The number of Options per Employee per Grant and in aggregate shall be decided by the Board/NRC. However, Options to be granted per Employee, per year, shall not exceed such number of Options which would be equivalent to 0.5% of the issued capital of the Company as on November 17, 2023).

- 8.2 Except in the event of a Corporate Action or Change in Capital Structure, the Grant of Options to the Employees under this ESOP Scheme 2023 shall entitle the holder of the Options to apply, within the Exercise Period, for 1 (One) Share for every Option held by him/her, in the Company upon payment of the Exercise Price set out in the applicable Plan Series framed under this ESOP Scheme 2023.
- 8.3 Grant of Options shall be deemed to have been made effective from the date of the Award Letter.
- 8.4 The Award Letter shall specify the Grant Date, number of Options Granted to the Optionee, the Exercise Price, the Vesting Date/Schedule, Vesting conditions (subject to which the Vesting shall take place), Exercise Period and other terms and conditions thereof.
- 8.5 The Board/NRC may, in its absolute discretion, vary or modify the terms and conditions of the Grant for any Employee or class of Employees subject to receipt of requisite members' approval where necessary, provided they are not detrimental to the interests of the Employees who have been granted Options under the Scheme.

#### **ARTICLE 9 VESTING OF OPTIONS**

- 9.1 All Options granted shall Vest in and be exercised at an Exercise Price as set out in the applicable Plan Series framed under the ESOP Scheme 2023. Vested Options may be exercised at one time or at various points of time within the Exercise Period.
- 9.2 The minimum Vesting Period shall be 1 (One) year from the date of the Grant of the Options to the Employee. The Vesting shall commence any time after the expiry of 1 (One) year from the date of the Grant of the Options to the Employee and could, as may be determined by the Board/NRC from time to time, extend up to 5 (Five) years from the Grant Date. The Options may Vest in tranches, as determined by the Board/NRC.  
  
Provided further that in case where the Options are granted by the Company in lieu of Options held by the same person in another company which has merged, demerged, arranged or amalgamated with the Company, the period during which the options granted by the other company were held by such Employee, shall be adjusted against the minimum Vesting Period of 1 (One) year as aforementioned.
- 9.3 Notwithstanding anything to the contrary in this ESOP Scheme 2023, the Board/NRC shall, at its sole discretion, be entitled to decide on a Vesting schedule under a Plan Series, within the provisions of ESOP Scheme 2023, for any Employee or class of Employees.
- 9.4 The benefits accrued and / or availed under the ESOP Scheme 2023 shall be subject to *malus and clawback* conditions, in line with the applicable laws. The Company shall be entitled to recover from the Employee, subject to applicable laws, an amount corresponding to the Options Granted or Vested under the Scheme or any benefit derived through any Options Granted under the ESOP Scheme 2023, whether the Employee is in employment or not at the time of recovery, in the event of any disciplinary action taken against the Optionee.
- 9.5 It is hereby clarified that the Vesting Dates in respect of the Options granted under this ESOP Scheme 2023 may, at the sole and absolute discretion of the Board/NRC, vary from Employee to Employee or any class thereof and/or in respect of the number or percent of Options granted to an Employee.

- 9.6 On the earliest date on which any Options are eligible for Vesting or immediately thereafter, such number or percentage of the Options as may be specified in the Award Letter, to vest in the Optionee, on an automatic basis, shall be deemed to have so vested on fulfillment of any and all Vesting conditions and, accordingly, the Optionee shall, subject to fulfillment of any other condition as may be specified under the Scheme or by the Board/NRC (to the extent permitted under the Scheme), be eligible to Exercise the said Options (which have Vested) during the Exercise Period.
- 9.7 The Board/NRC in its absolute discretion may, for any Optionee or class of Optionees permit the Options Granted, to be Vested and Exercised within such time and as per such terms and conditions as it may determine such that it is not prejudicial to the interest of the Optionees.
- 9.8 (a) In the event of Superannuation or retirement of an Optionee (in accordance with the policies and rules of the Company), the rights and obligations under the Options outstanding in such Optionee shall continue to Vest in his/her hands as per the Vesting schedule provided in the Award Letter issued to him/her and can be Exercised by him/her, on or before the expiry of the date / period specified in the Vesting schedule provided in such Award Letter, failing which all the unexercised Options shall lapse irrevocably and the rights thereunder shall be extinguished.

(b) The Vesting of Options in the event of death or total/permanent incapacitation of an Employee who had been granted Options under the Scheme, shall be as follows:

In the event of any Optionee:

- (i) dying whilst in the employment of the Company; or
- (ii) becoming permanently incapacitated while in the employment of the Company;

the rights and obligations under the Options granted and outstanding in such Optionee shall Vest to his/her legal heirs or his/her nominees in case of event occurring in (i) above or Vest in his/her hands in case of event occurring in (ii) above, with effect from the date of the event occurring in (i) or (ii) herein.

All Options Vested on the date of death or permanent incapacitation (as the case may be) shall be Exercised by the legal heirs/nominee or him/her (as the case may be), before the expiry of 12 (Twelve) months from the date of the death or permanent incapacitation of such Employee or the prescribed Exercise Period for such Options, whichever is earlier, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished, without any further action by or on behalf of the Company.

Provided that in the event of death or permanent incapacitation of an Employee, the minimum Vesting Period of 1 (One) year shall not be applicable and in such instances, the Options shall vest in accordance with the provisions of Article 9.8(b).

The Exercise Price of such Options will be the Exercise Price applicable at the time of Exercise.

- 9.9 Subject to Article 9.4 above, the Options specifically Granted but not Vested in case of an Employee who has been suspended or in case of an Employee against whom an enquiry is being conducted for any reason, shall stand suspended and shall not Vest until the suspension is revoked or the enquiry is completed and the concerned Employee has been absolved of all allegations by giving reasons in writing by the Board/NRC. In case the Employee is found guilty of misconduct, whether or not he/she is dismissed or discharged, the Board/NRC shall determine the eligibility of such an Employee as regards Vesting of any unvested Options and/or Exercise of any Vested Options and/or whether Options (whether Vested or not), in part or full, should lapse or otherwise.

**ARTICLE 10**  
**EXERCISE OF OPTIONS**

- 10.1 Unless otherwise specified in the Scheme, Vested Options must be Exercised as set out in the Award Letter. Each Option would entitle the Employee, on Exercise, to acquire 1 (One) Share each of the Company or such adjusted numbers of such face value, as may be determined by the Board/NRC, in accordance with the provisions of this ESOP Scheme 2023.
- 10.2 The Employees shall be entitled to Exercise the Options within such period, as may be determined by the Board/NRC from time to time, and which shall not exceed a period of 5 (Five) years from the Vesting Date.
- 10.3 The Optionee may, at any time during the Exercise Period and subject to fulfillment of conditions of the Grant, Exercise the Options by submitting an application (online or off-line) to the Company to issue and allot Shares to the Optionee pursuant to the Vested Options, accompanied by payment of an amount equivalent to the Exercise Price, in respect of such Shares and such other writing or through any other process defined by the Company, if any, as the Board/NRC may specify to confirm extinguishment of the rights comprising in the Options then Exercised. In the event of Exercise of Options resulting in fractional Shares, the Board/NRC shall be entitled to round off the number of Shares to be issued to the nearest whole number.

The Option shall be deemed to have been Exercised when the Company has received:

- (i) written or electronic notice/application of Exercise from the person entitled to Exercise the Option; and
  - (ii) full payment of the Exercise Price for the Shares with respect to which the Options are Exercised along with applicable tax amount payable by such person. However, in cases where the Board/NRC so decides, the income tax amounts will be deducted from the concerned Employee's salary by the Payroll department and the payment for Shares need not be accompanied with the tax amount.
- 10.4 Except as otherwise provided, payment of the Exercise Price for the Shares to be acquired pursuant to any Options shall be made either by:
- (i) cheque payable at the registered office of the Company;
  - (ii) the Optionee's authority to the Company to deduct such amount from his bank's designated account;
  - (iii) such other consideration as may be approved by the Board/NRC from time to time to the extent permitted by applicable law; or
  - (iv) any combination of any two or more of the abovementioned methods.
- 10.5 The application shall be in such form, or in such mode, physical or online, as may be prescribed in this regard and the Board/NRC may determine the procedure for Exercise from time to time.

Provided that the Board/ NRC is entitled to specify such periods during which the Options may or may not be permitted to be Exercised by some or all the Optionees.

Provided, however, that in case of cessation of employment, the Optionee shall be entitled to Exercise the Options in accordance with the provisions of Article 11, but subject to the provisions of any applicable law or regulation for the time being in force.

- 10.6 Notwithstanding anything contained elsewhere in the ESOP Scheme 2023, the Board/NRC may:
- (i) not permit the Exercise of any Options (whether Vested or not) Granted to an Employee, in the event of the Employee being found to be involved in fraud, misfeasance, gross negligence, breach of trust, misconduct, etc. and in such an event, the rights under the Options (whether Vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company;
  - (ii) if the Exercise of Options within the Exercise Period, is prevented by any law or regulation in force, defer or not to permit the Exercise of Options till such time as it is prohibited 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 Employee for any loss suffered due to such refusal. Further, the Board/NRC shall have the power to extend the Exercise Period in such case.

Provided, further, that the Board /NRC shall have the power to cancel all or any of the Options Granted under the ESOP Scheme 2023, if so required under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, no compensation shall be payable to the Optionee for such cancelled Options.

- 10.7 The Fair Value of Options pertaining to Employees of Subsidiary/ies shall be recovered from the respective Subsidiary/ies.

## **ARTICLE 11 CESSATION OF EMPLOYMENT**

- 11.1 In the event of an Employee ceasing to be in the service of the Company for "Cause", all Options Granted (whether Vested or not) on the date of cessation of employment, shall expire forthwith and the Employee shall not be permitted to Exercise any right in respect thereof.

**"Cause"** shall mean, as determined by the Board/NRC: (i) the continued failure of the Optionee to substantially perform his duties to the Company (other than any such failure resulting from retirement, death or disability as provided below); (ii) the engaging by the Optionee in willful, reckless or grossly negligent misconduct which is determined by the Board/NRC to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise; (iii) fraud, misfeasance, breach of trust or wrongful disclosure by the Optionee of any secret or confidential information about the Company; or (iv) the Optionee's pleading guilty to or conviction of a felony.

- 11.2 In the event of resignation or termination of the Employee, for a reason other than Cause or cessation of employment of an Employee for any other reason (except Superannuation or retirement), all Options which are Granted and not Vested on the date of the cessation of employment, shall expire forthwith. For all Vested Options, the Employee may Exercise his/her Vested Options, up to his/her last working day in the Company failing which all the un-Exercised Options shall lapse irrevocably and the rights thereunder shall be extinguished.
- 11.3 In the event that an Employee who has been Granted Options under this ESOP Scheme 2023 (including an Employee whose Options have Vested and who has not Exercised his Options) is transferred or deputed or substituted or seconded, as the case may be and as permitted, to a Subsidiary (or between Subsidiaries *inter se*) prior to Vesting or Exercise, the Vesting and Exercise as per the terms of Award Letter shall continue in case of such transferred or deputed Employee even after the transfer or deputation.
- 11.4 For the purposes of this Article 11, date of the cessation of employment shall mean the date of service, by the Employee or the Company, as the case may be, of the notice of resignation or termination of employment or cessation of employment for any other reason (except Superannuation or retirement), or the effective date of resignation or termination or cessation of employment, whichever is earlier.

**ARTICLE 12**  
**TERMS AND CONDITIONS OF SHARES**

- 12.1 All Shares acquired under the ESOP Scheme 2023 shall rank *pari passu* with Shares of the Company.
- 12.2 Neither an Optionee, nor his successor in interest, shall have any of the rights of a shareholder of the Company including right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder with respect to the Shares for which the Option is Exercised until such Shares are issued by the Company to the Optionee on Exercise of the Option(s).

**ARTICLE 13**  
**CHANGE IN CAPITAL STRUCTURE OR CORPORATE ACTION**

- 13.1 Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Board/NRC, at its discretion, as to the number and/or Exercise Price of Options, as the case may be, in the event of Change in Capital Structure or a Corporate Action.
- 13.2 If there is a Change in Capital Structure of the Company before the Options granted under this ESOP Scheme 2023 are Exercised, the Employee shall be entitled on Exercise of the Options, to such number of Resultant Shares to which he would have been entitled as if all then outstanding Options Exercised by him, had been Exercised before such Change in Capital Structure had taken place and the rights under the Options shall stand correspondingly adjusted in terms of the number and/or Exercise Price of Options.
- 13.3 The Shares in respect of which the Options are granted are Shares as on the date of the Grant. But if and when, prior to the expiry of the Exercise Period there is a Change in Capital Structure of the Company, the number of Resultant Shares with respect to which the Options may thereafter be Exercised shall, in the event of:
- (i) an increase in the number of Resultant Shares, be proportionately increased, and the Exercise Price, be proportionately reduced;
  - (ii) a reduction in the number of Resultant Shares, be proportionately reduced, and the Exercise Price, be proportionately increased,

provided, further, that in case the provisions of applicable law restrict/prohibit the issue of Shares at a discount to its par or other value, the Exercise Price shall not be less than such amount as prescribed under law.

- 13.4 In the event of a Corporate Action, the Board/NRC, at least 7 (Seven) days prior to any Corporate Action or 60 (Sixty) days thereafter or within such other time as determined by the Board/NRC, acting in its absolute discretion with or without the consent or approval of the Employee, as it may deem fit, shall in respect of the outstanding Options act on any of the following alternatives:
- (i) provide that on any Exercise of Options hereafter, the Optionee shall be entitled to the Shares and / or Resultant Shares as if the Optionee had been a holder of the Shares on the date of the Corporate Action;
  - (ii) make such adjustments to the Options outstanding to reflect the Corporate Action, as may be necessary, such that the adjustments are not prejudicial to the interest of the Employees;
  - (iii) substitute the Options granted, by fresh Options in another issuer company which have substantially the same terms as the Options granted under this Scheme;

- (iv) accelerate the Vesting and / or the Exercise of the Options so that the Options are to be compulsorily exercised before the date specified by the Board/NRC, failing which they shall lapse, subject to the condition that such acceleration shall not be detrimental to the interests of the Employees;
- (v) require the mandatory surrender to the Company, by all or some of the Optionees, of all or some of the outstanding Options, irrespective of whether, the Options have vested or not, as on that date. In such an event, the Board/NRC shall pay to such Employee an amount, in cash or otherwise, per Option, as the case may be, of the Surrender Value after deducting the balance Exercise Price payable, if any;
- (vi) deal with the outstanding Options in any other manner as it may deem fit in the interest of the Company and / or Optionee(s).

## **GENERAL ARTICLES**

### **ARTICLE 14 AMENDMENT OR TERMINATION OF THE SCHEME**

- 14.1 The Board, to the extent permissible in the SEBI Regulations and applicable law, in its absolute discretion, may from time to time amend, alter or terminate the Scheme or any Grant or the terms and conditions thereof.

Provided further, that the Board may, with the approval of the members of the Company by way of a special resolution, vary or amend the Scheme, provided such variation is not prejudicial to the interests of the Optionee Grantee. Notwithstanding the above, the Company shall be entitled to vary the terms of the Scheme to meet any regulatory requirement without seeking members' approval.

Provided, further, that the Board will not, without the approval of the members, amend the ESOP Scheme 2023 to increase the aggregate number of Shares which may be issued pursuant to the provisions of the ESOP Scheme 2023 on Exercise or surrender of Options or upon Grants except as otherwise stated elsewhere in this ESOP Scheme 2023 and as per the SEBI Regulations.

- 14.2 Without prejudice to the above, the Board may without any reference to or consent of the Employee concerned, amend the Scheme or Grant or any agreement to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this Scheme.

### **ARTICLE 15 OTHERS**

- 15.1 **No Right to a Grant**

Neither the adoption of the Scheme nor any action of the Board or the NRC shall be deemed to give an Employee any right to be granted any Options to acquire Shares or to any other rights except as may be evidenced by an Award Letter.

## 15.2 **No Employment Rights Conferred**

Nothing contained in the Scheme 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.

## 15.3 **Tax Deduction at Source / other taxes and obligations**

Notwithstanding anything contained in this Scheme or any other agreement or scheme under which Options have been granted to an Employee, the Company and/or its Subsidiary, shall have the right to deduct and/or recover, relating to or in connection with all Grants, any and all taxes, if any, required by law to be deducted at source or otherwise and shall also recover any taxes, whether direct or indirect tax or any other cess, levy, assessments and other governmental charges, duties, impositions and liabilities, by whatever name called including, without limitation, leviable or whether directly or indirectly payable by the Company or its Subsidiary at the time of the Grant or Vesting or Exercise or allotment of Options or the Shares or payout of appreciation or at any different point of time.

## 15.4 **No Restriction of Corporate Action**

The existence of the Scheme and the Grants made hereunder shall not in any way affect the right or the power of the Board or the members or 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.

Nothing contained in the Scheme 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. No Employee or other person shall have any claim against the Company as a result of such action.

## 15.5 **Confidentiality**

The Optionee Grantee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Scheme, Grant or any connected matter, and shall not make any disclosure or announcement to the public or to any third person regarding the arrangement contemplated by the Scheme except to the extent as may be required by law. Any violation of confidentiality may result in cancellation of the Grant without prejudice to any other action which may be taken by the Company in this regard. The Employees shall be required to enter into such agreements or provide such confirmations/affirmation, as the Company may desire from time to time, to more fully and effectively implement the Scheme.

## 15.6 **Insider Trading**

The Optionee Grantee shall ensure that there is no violation of applicable regulations for the prevention of insider trading in Shares and Securities and for prevention of fraudulent and/or unfair trade practices relating to the securities market and shall not take any action or cause any omission which results in violation of the foregoing laws.

The Board/NRC shall be entitled to frame such rules, regulations as may be necessary to ensure that there is no violation of the above referred regulations and/or practices, and all Employees will be bound by such rules.

The Optionee shall refrain from engaging in hedging strategies in respect of Shares of the Company.

The Optionee shall indemnify and keep indemnified the Company in respect of any liability arising as a result or consequence of the violation of the above provisions by the Optionee Grantee.

#### **15.7 New Schemes**

Nothing contained in the Scheme 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 or any other scheme for the benefit of employees, 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 Scheme or any Grant made under the Scheme. No Employee or other person shall have any claim against the Company and/or trust as a result of such action.

#### **15.8 Issues**

In respect of any issues or queries arising in respect of interpretation or implementation of the Scheme, the decision of the Board or the NRC shall be final and binding on all concerned.

#### **15.9 Restriction of Transfer**

An Option shall not be transferable and shall be exercisable/vested during the lifetime of the Employee only in such Employee or in case of death or permanent incapacity of an Employee, by such other persons and in the manner provided by the terms framed by the Board/ NRC as per Article 8.2. An Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

#### **15.10 Compliance with Applicable Laws**

The Scheme shall, at all times, comply with the provisions of applicable laws, including the SEBI Regulations, Exchange Control Regulations including Foreign Exchange Management Act, 1999 and the regulations issued thereunder and any other applicable laws, rules and regulations. The Grant of Option and their conversion into Shares shall entitle the Company to require the Employee to fully comply with such requirements of all such applicable laws as may be necessary. In the event of any variation between the provisions of the Scheme and the applicable laws, the provisions of applicable laws shall prevail over the Scheme and the provisions of the Scheme shall be deemed to have been amended so as to be read in consonance with the applicable laws.

#### **15.11 Severability**

This Scheme constitutes the entire document in relation to its subject matter and supersedes all prior schemes, agreements and understandings whether oral or written with respect to the subject matter covered in the Scheme.

In the event that any term, condition or provision of this Scheme being held to be a violation of or contrary to, any applicable law, statute or regulation the same shall be severable from the rest of this Scheme and shall be of no force and effect and this Scheme shall remain in full force and effect as if such term, condition or provision had not been contained in this Scheme from the date of it turning or being rendered unenforceable.



#### 15.12 **Arbitration**

All disputes arising out of or in connection with the Scheme or the Grant 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. The place of arbitration shall be Mumbai, India and the arbitration shall be in English language.

#### 15.13 **Governing Laws**

The Scheme shall be construed in accordance with the laws of India and subject to the jurisdiction of Court in Mumbai, India only.

#### 15.14 **Variation**

In the event of any variation between the provisions of the Scheme and the SEBI Regulations, the provisions of the SEBI Regulations shall prevail over the Scheme and the provisions of the Scheme shall be deemed to have been amended so as to be read in consonance with the SEBI Regulations.

**ANNEXURE - I**

**ESOP Scheme 2023  
PRINCIPAL TERMS & CONDITIONS OF GRANT**

1	Scheme		<b>Kotak Mahindra Equity Option Scheme 2023</b>		
2	Plan Series				
3	Date of approval by Nomination and Remuneration Committee ("NRC") (Grant Date)				
4	Total number of Options granted				
5	Terms				
	Vesting Date	No. of Options Vesting	Exercise Period	Exercise Price (Rs.)	Remarks

Terms and Conditions *(to be filled in as may be decided by the Board/NRC in line with ESOP Scheme 2023)*:

- 1.
- 2.
- 3.

For \_\_\_\_\_

Authorised Signatory