

Shriram Finance Limited

(Formerly known as Shriram Transport Finance Company Limited)

Regd. Office: Sri Towers, Plot No. 14A, South Phase, Industrial Estate, Guindy, Chennai,
Tamil Nadu 600032.

CIN – L65191TN1979PLC007874

Shriram Finance Limited Employee Stock Option Scheme 2023 (NO.1)**1. Background, Name and Objective of the stock option plan**

- 1.1 This stock option plan shall be termed as “Shriram Finance Limited Employee Stock Option Scheme 2023 (No.1)” or “SFL ESOS 2023 (No.1)” or “Plan 1”.
- 1.2 The Hon’ble NCLT (hereinafter defined) vide its common order dated November 14, 2022 read with Corrigendum dated November 17, 2022 to the common order, has sanctioned the Scheme (hereinafter defined) which inter-alia included the amalgamation of Shriram City Union Finance Limited (“**Transferor Company**” or “**SCUF**”) with Shriram Transport Finance Company Limited (now Shriram Finance Limited) (“**Transferee Company**” or “**Company**”). Pursuant to clause 3.35.11 of the Scheme, all the Employees (hereinafter defined) in service of the Transferor Company have become employees of the Company with effect from Appointed date of the Scheme i.e. April 1, 2022 on the terms and conditions no less favourable than those on which they were in employment of the Transferor Company. The Transferor Company prior to the Scheme had framed and implemented the Shriram City Union Finance Limited Employee Stock Options Scheme 2013 (“**SCUF ESOS 2013**”), under which Employee Stock Options were granted to certain of its eligible employees. Upon coming into effect of the Scheme, the erstwhile SCUF was dissolved without winding up and the Transferee Company i.e. Shriram Transport Finance Company Limited (now Shriram Finance Limited) shall issue stock options to the eligible employees of erstwhile SCUF under the stock options plan to be created in lieu of employee stock options held by them under SCUF ESOS 2013 taking into account the share exchange ratio as provided for in the Scheme. The objective of this Plan is that the eligible employees of erstwhile SCUF continue to enjoy the benefits of stock options upon becoming employees of Shriram Transport Finance Company Limited (now Shriram Finance Limited) to restore the value of the options post amalgamation of erstwhile SCUF with the Company in the manner provided in terms of clause 3.35.17 of the Scheme. This Plan has been created to provide revised quantum of employee stock options with the revised Exercise Price (hereinafter defined) to the Employees (hereinafter defined) taking into account the share exchange ratio in terms of clause 3.36.1 of the Scheme such that the terms and conditions are not less favourable than those on which the eligible employees were engaged by erstwhile SCUF. All other terms and conditions of SCUF ESOS 2013 to the extent required under the Scheme read with

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provisions of the Applicable Law have been kept similar.

- 1.3 The SCUF ESOS 2013 as originally envisaged had come into force on June 01, 2013 upon the approval of shareholders of erstwhile SCUF by way of a special resolution obtained in its Extra-Ordinary General Meeting held on May 31, 2013. Subsequently, this Plan 1 i.e. SFL ESOS 2023 (No.1) has been adopted by the Transferee Company vide respective resolutions of its Board and Nomination and Remuneration Committee dated March 15, 2023.
- 1.4 Pursuant to clause 3.35.17 and 3.35.18 of the Scheme, the grant of Fresh Options (hereinafter defined) to the eligible Employees shall be effected as an integral part of the Scheme and the consent of the shareholders of Transferee Company i.e. Shriram Finance Limited to the Scheme shall be deemed to be their consent in relation to all matters pertaining thereto. The shareholders of Transferee Company have already accorded their consent and approval to the Scheme through passing resolution by requisite majority in their meeting held on July 4, 2022. Hence, no further approval of shareholders of Shriram Finance Limited is necessary under Applicable Law.
- 1.5 This Plan 1 would motivate eligible Employees for consistent better performance paving the way for long term association and for further fueling the growth of the Company.

The other key objectives are to:

- retain and motivate talented and critical Employees
 - encourage Employees to align individual performance with the Company's objectives
 - reward Employee performance with ownership in proportion to their contribution
 - align Employee interest with those of the Company
 - encourage Employees to create share market value.
- 1.6 The Board or the NRC as authorized may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the Plan 1.

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2. Definitions and Interpretation

2.1 Definitions

1. **“Applicable Law”** shall mean and include every law, rule, regulations, guidelines or bye-law relating to the Employee Stock Options, including, without limitation, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 or such other laws, rules and regulations to the extent applicable, including any amendment thereto and all other relevant tax, securities, exchange control or corporate laws, rules, regulations or bye-laws of India or any relevant jurisdiction, or of any Stock exchange on which the equity shares of the Company are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations, guidelines or bye-laws.
2. **“Board of Directors”** or **“Board”** means the duly constituted Board of Directors of the Company which includes any Committee(s) authorized by the Board of Directors in this behalf and as may be constituted/ reconstituted in such manner from time to time.
3. **“Companies Act”** means the Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.
4. **“Company”** or **“Transferee Company”** means Shriram Finance Limited (formerly known as Shriram Transport Finance Company Limited) a Company incorporated under the provisions of the Companies Act, 1956, having its Registered Office at: Sri Towers, Plot No.14A, South Phase, Industrial Estate, Guindy, Chennai 600 032, Tamil Nadu, India and having corporate identification number (CIN): L65191TN1979PLC007874
5. **“Transferor Company”** means the Shriram City Union Finance Limited (CIN: L65191TN1986PLC01284) duly incorporated under the provisions of the Companies Act, 1956 and having had its Registered

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Office at 123, Angappa Naicken Street, Chennai – 600001, Tamil Nadu which has been dissolved without winding up pursuant to clause 3.39 of the Scheme.

6. **“Employee” or “Employees”** means option holders who held options granted by the Transferor Company under SCUF ESOS 2013 to whom fresh employee stock options would be granted in pursuance of the SFL ESOS 2023 (No.1).
7. **“Fresh Employee Stock Option” or “Fresh Option”** means a right but not an obligation granted to an Employee(s) in pursuance of this Plan 1 in lieu of the stock options granted/vested under SCUF ESOS 2013 to apply for issue of Shares (hereinafter defined) of the Company at the Exercise Price (hereinafter defined), in accordance with the Plan 1.
8. **“ESOP Allotment Committee”** is a Committee constituted by the Board to issue and allot Shares to the Employees who exercise their Fresh Options (hereinafter defined) under the Plan 1.
9. **“Exercise”** of Fresh Option means expression of an intention by an Employee to the Company to issue the Shares underlying the Fresh Options vested in him, in pursuance of the SFL ESOS 2023 (No.1), in accordance with the procedure laid down by the Company for exercise of Fresh Options.
10. **“Exercise Period”** means such time period after vesting within which the Employee can exercise his/her right to apply for Shares against the Vested Options in pursuance of the SFL ESOS 2023 (NO.1).
11. **“Exercise Price”** means the price payable by the Employee in order to exercise the Fresh Options granted to him in pursuance of the SFL ESOS 2023 (No.1).
12. **“Exercise Letter”** means the letter prescribed by the Nomination and Remuneration Committee for the purpose of exercising the vested Fresh Options of the Company.



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13. **“Fresh Grant”** means the process by which the Company issues Fresh Options to the Employee under the SFL ESOS 2023 (No.1) in lieu of the stock options granted/vested under SCUF ESOS 2013.
14. **“Grant Date”** means the date on which the Nomination and Remuneration Committee approves the Fresh Grant;

Explanation – For accounting purposes, the Grant Date will be determined in accordance with applicable accounting standards;

15. **“Individual Grant Notices”** means the notices issued to Employees setting out the terms and conditions of issue of Fresh Options, vesting period, exercise procedure and such other terms as may be necessary.
16. **“Misconduct”** means disregard of the Company’s bye-law, rules, regulations and the Company policies/ terms of employment and includes mismanagement of position by action or inaction, alleged wrong doing, misfeasance, or violation of any rule, regulation or law which was expected to be abided by the Employee.
17. **“NCLT”** means the National Company Law Tribunal Special Bench Chennai-II, having jurisdiction in relation to amalgamating the Transferor Company with the Transferee Company and which has sanctioned the Scheme.
18. **“Nomination and Remuneration Committee”** or **“Committee”** or **“NRC”** means the Nomination and Remuneration Committee of the Company constituted by the Board from time to time as per the Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall also perform the role of the Compensation Committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
19. **“Promoter”** shall have the same meaning assigned to it under the

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Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

20. **“Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
21. **“Relative”** shall have the same meaning as defined under section 2(77) of the Companies Act, 2013 (18 of 2013);
22. **“Scheme”** means the Composite Scheme of Arrangement and Amalgamation among Shrilekha Business Consultancy Private Limited (SBCPL) and Shriram Financial Ventures (Chennai) Private Limited (SFVPL) and Shriram Capital Limited (SCL) and Shriram Transport Finance Company Limited (STFC/the Company) (now Shriram Finance Limited) and Shriram City Union Finance Limited (SCUF) and Shriram LI Holdings Private Limited (SLIH) and Shriram GI Holdings Private Limited (SGIH) and Shriram Investment Holdings Limited (SIHL) and their respective Shareholders under Section 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013 sanctioned by the Hon'ble National Company Law Tribunal, Special Bench – II, Chennai vide its common order dated November 14, 2022 read with Corrigendum dated November 17, 2022 to the common order.
23. **“SEBI Act”** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.
24. **“SEBI (SBEBSE) Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended and includes all regulations and clarifications issued there under.
25. **“Shares”** means equity shares of face value of Rs.10/- (Rupees Ten) each fully paid-up of the Company.



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26. **"Shareholder"** means the registered holder of a Share in the share capital of the Company.
27. **"Stock Exchange"** means the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), on which the Company's Shares are listed.
28. **"Termination"** means cessation of employment of the Employee from the Company.
29. **"Unvested Option"** means Fresh Option in respect of which the relevant vesting conditions have not been satisfied and as such, the Employee has not become entitled to receive the benefit of Fresh Grant made under SFL ESOS 2023 (No.1).
30. **"Vest" or "Vesting"** means earning by the Employee, of the right to Exercise the Fresh Employee Stock Options granted to him in pursuance of the SFL ESOS 2023 (No.1).
31. **"Vesting Conditions"** means the conditions subject to which the Fresh Options granted would vest to the Employee.
32. **"Vesting Period"** means the period, during which the Vesting takes place.
33. **"Vested Option"** means Fresh Option in respect of which the relevant Vesting Conditions have been satisfied and the Employee has become eligible to Exercise the Fresh Option.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities and Exchange Board of India Act, 1992, Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Securities Contract (Regulation) Act, 1956, the Companies Act, 2013, and all other applicable regulations and provision of law for the time being in force and shall be subject to any modifications or amendments or re-enactments thereof effected from time to time

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by way of an ordinance or legal enactment.

2.2 Interpretation

In this Plan 1, 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. Eligibility and Applicability

Only Employee within the meaning of SFL ESOS 2023 (No.1) are eligible for being granted Fresh Options under SFL ESOS 2023 (No.1) pursuant to clause 3.35.11 of the Scheme.

4. Administration

4.1 The SFL ESOS 2023 (No.1) shall be administered by NRC in accordance with applicable Acts and Regulations i.e. Companies Act, 2013 and SEBI (SBEBSE) Regulations. The NRC for the purpose of administering the Plan 1 may use the support of the management of the Company or such other persons as may be determined by the NRC from time to time. The issuance of Shares shall be under the guidance, advice and direction of Board.

4.2 The powers of the NRC, inter-alia, include the power to:

- a) determine the number of Fresh Options to be awarded per Employee and in aggregate and the times at which such awards shall be made pursuant to the Plan 1;
- b) lay down the conditions under which Fresh Options Vested in Employees may lapse in case of termination of employment for misconduct etc.
- c) lay down the conditions under which Fresh Options Vested in Employees may



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- lapse in case of voluntary surrender of Fresh Options by Employees.
- d) determine the exercise period within which the Employees should exercise the Fresh Options and that Fresh Options would lapse on failure to exercise the same within the exercise period.
 - e) specify the time period within which the Employee shall exercise the vested Fresh Options in the event of termination or resignation of an Employee.
 - f) lay down, in compliance with the Applicable Law, the procedure for making a fair and reasonable adjustment to the number of Fresh Options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard NRC shall take the following into consideration:

The number and price of Fresh Options shall be adjusted in a manner such that total value of the Fresh Options remain the same after the corporate action

- I. the global best practices in this area including the procedures followed by the derivative markets in India and abroad.
 - II. the Vesting Period and the life of the Fresh Options which shall be left unaltered as far as possible to protect the rights of the Employees.
- g) provide for the right of an Employee to exercise all the Fresh Options vested in him at one time or at various points of time within the Exercise Period.
 - h) lay down the method for satisfaction of any tax obligation arising in connection with the Fresh Options or the Shares.
 - i) lay down the procedure for cashless exercise of Fresh Options, if any.
 - j) provide for the Fresh Grant, Vest and exercise of Fresh Options in case of Employees who are on long leave or whose services have been seconded to any other company or who have joined any other subsidiary or other company at the instance of the Company.
 - k) shall frame suitable policies and systems to ensure that there is no violation by any Employee of any Applicable Laws, including but not limited to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and any modifications thereto;
 - l) Formulate the detailed terms and conditions of the Plan 1 including terms in

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relation to the matters enumerated hereinbefore;

- 4.3 In the event of any clarifications being required on the interpretation or application of the Plan 1, the same shall be referred to the NRC. The decision of the NRC shall be final and binding on the Employees in this regard.
- 4.4 With regard to the matters specifically not provided for in this Plan 1 or any other documents that may be issued in connection with the Fresh Options, the NRC shall have an absolute discretion to decide such matters in the manner deemed fit by them in the best interests of the Employees as may be permissible under the Applicable Law, rules and regulations for the time being in force. The decision of the NRC shall be final and binding on the Employees.

5. Size of the Plan 1

- 5.1 As per the Scheme, for every one hundred fully paid equity shares held in Transferor Company, shareholders are entitled for one hundred and fifty-five fully paid equity shares in the Transferee Company. Accordingly, Transferee Company or Shriram Transport Finance Company Limited (now Shriram Finance Limited) shall issue Fresh Options to Employees under the SFL ESOS 2023 (No.1) up to **24,79,508** (Twenty-Four Lakhs Seventy-Nine Thousand Five Hundred and Eight). Fractions resulting from any adjustment in granting Fresh Options under the Plan 1 will be rounded off to the highest integer or as may be decided by the NRC and the notice of any adjustment shall be given by the NRC to each Employee whose Fresh Options have been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding to SFL ESOS 2023 (No.1). Each Option under SFL ESOS 2023 (No.1) shall be entitled for one equity share of face value of Rs 10 each of the Company.

Total no. of Fresh Options to be granted under SFL ESOS 2023 (No.1) pursuant to the Scheme to the Employees:



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Total no. of grant of options under SCUF ESOS 2013 approved b'y shareholders' of erstwhile SCUF in its EGM held on May 31, 2013	No. of options granted	No. of options not yet granted	No. of options vested	No. of options exercised	No. of options lapsed	No. of options unvested	No. of options unexercised out of vested options	No. of Fresh Options to be granted under SFL ESOS 2023 (No.1) pursuant to the Scheme to the Employees
(A)	(B)	(C=A-B)	(D)	(E)	(F)	(G=B-D)	(H=D-E-F)	(I=(C+F+G+H)*1.55)
26,27,000	24,51,813	1,75,187	14,89,707	10,27,718	41,407	9,62,106	4,20,582	24,79,508

5.2 With each such Fresh Option conferring a right upon the Employee to apply for one Share of the Company, in accordance with the terms and conditions as may be decided under the SFL ESOS 2023 (No.1).

5.3 If a Fresh Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Fresh Options pool and shall become available for future grants to Employee's, subject to compliance with the provisions of the Applicable Laws.

5.4 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the face value as prevailing on the date of coming into force of SFL ESOS 2023 (No.1), the maximum number of Shares being granted under SFL ESOS 2023 (No.1) as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares X face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation. Similarly, in case of bonus issue, rights issue, etc. the available number of Shares under SFL ESOS 2023 (No.1) shall be revised accordingly.

6. Vesting schedule and Vesting Conditions

6.1 Fresh Options granted under SFL ESOS 2023 (No.1) would Vest after

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completion of a minimum period of **12 (twelve) months** but not later than **5 (five) years** from the date of grant of such Fresh Options.

Provided that where Fresh Options are granted by the Company under the SFL ESOS 2023 (No.1) in lieu of options held by a person under SCUF ESOS 2013 in the Transferor Company which has amalgamated with the Transferee Company, the period during which the options granted by the Transferor Company under SCUF ESOS 2013 were held by him shall be adjusted against the minimum Vesting Period required under this sub-clause.

Explanation: Pursuant to the Scheme and to provide fair and reasonable adjustment, the date of vesting under the SCUF ESOS 2013 shall be considered as the Vesting date under SFL ESOS 2023 (No.1).

Where options granted by the Transferor Company under SCUF ESOS 2013 have completed the vesting period, such options shall stand cancelled and Fresh Options (as per clause 2.1) shall be granted under SFL ESOS 2023 (No.1) pursuant to the Scheme and such Fresh Options shall vest immediately and be available for Exercise.

- 6.2 Vesting of Fresh Options would be subject to continued employment with the Company and subject to satisfaction of performance of Employees or other conditions as may be determined by the Nomination and Remuneration Committee.
- 6.3 As a pre-requisite for a valid Vesting, an Employee is required to be in employment or service of the Company, on the date of Vesting and must neither be serving his notice for termination of employment/ service, nor be subject to any disciplinary proceedings pending against him on the such date of Vesting.
- 6.4 The specific vesting schedule and conditions subject to which Vesting would take place would be outlined in the document given to the Employee at the time of Fresh Grant of Options.

7. Exercise

7.1 Exercise Price



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The exercise price per Fresh Option for Employee's to whom the number of Fresh Options has been granted under the SFL ESOS 2023 (No.1) in place of employee stock options granted under SCUF ESOS 2013 as a fair and reasonable adjustment, shall be adjusted and determined as per the Scheme.

The Exercise Price shall be Rs.193.55/- per Fresh Option under the SFL ESOS 2023 (No.1).

The manner of computation of the exercise price is as under:

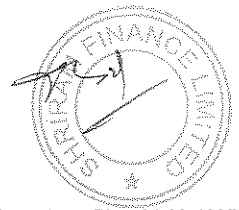
- a) The Company is a listed Company.
- b) Each Fresh Option issued by the Company to the Employees, would be eligible for allotment of one equity share of the Company on payment of the Exercise Price.
- c) As per the Scheme, for every one hundred equity shares held by shareholders in the Transferor Company, they are entitled for one hundred and fifty five equity shares in the Transferee Company. Hence, the Employees who were entitled for one hundred Options under the SCUF ESOS 2013 are entitled for one hundred and fifty-five Fresh Options under SFL ESOS 2023 (No.1).
- d) The exercise price under SCUF ESOS 2013 was Rs.300/- for each option.
- e) Hence, the Exercise Price under the SFL ESOS 2023 (No.1) will be Rs.193.55 per Fresh Option (Rs.300*100 options / 155 options).
- f) Upon payment of this Exercise Price and the applicable taxes, if any, the Employee shall be entitled to one equity share of face value of Rs.10/- each fully paid up for each Fresh Option exercised.

Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or by any of the electronic means including RTGS, NEFT, IMPS etc. or in such other manner as the Nomination and Remuneration Committee may decide from time to time.

7.2 Exercise Period

- (a) **While in employment:** The Exercise Period shall be 10 (Ten) years from the date of Vesting of Fresh Options.

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Provided that where Fresh Options are granted and vested as per clause 3.2 above, the exercise period from date on which the options vested to the Employee by the Transferor Company under SCUF ESOS 2013 shall be adjusted against the exercise period required under this sub-clause.

(b) **In case of separation from employment:** Fresh Options can be exercised as per provisions outlined below:

Sr. No.	Separations	Vested Options	Unvested Options
1	Resignation or termination other than due to Misconduct	All the Vested Options as on the date of submission of resignation shall be exercisable by the Employee in 90 days from the date of such resignation/termination.	All Unvested Options on the date of submission of resignation shall stand cancelled with effect from that date.
2	Termination due to Misconduct	All Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination.	All Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.
3	Death	All Vested Options may be exercised by the Employee's nominee or legal heir immediately after, but in no event later than one year from the date of Death.	All Unvested Options may be exercised by the Employee's nominee or legal heir immediately after, but in no event later than one year from the date of Death.
4	Permanent disability	All Vested Options may be exercised by the Employee, immediately after, but in no event later than one year from the date of such	All the Unvested Options as on the date of such Permanent disability shall be deemed to have been

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		permanent disability	Vested and can be exercised by the Employee immediately after, but in no event later than one year from the date of such disability
5	Abandonment*	All Vested Options but not yet exercised as on the date of abandonment shall stand cancelled.	All the Unvested Options as on the date of abandonment shall stand cancelled.
6	Other reasons apart from those mentioned above	The Nomination and Remuneration Committee shall decide whether the Vested Options as on that date can be exercised by the Employee or not, and such decision shall be final	All Unvested Options on the date of separation shall stand cancelled with effect from that date.

*Nomination and Remuneration Committee at its sole discretion shall decide the date of abandonment of an employee and such decision shall be final and binding on all concerned.

- 7.3 The Fresh Option shall be deemed to be exercised when the Company receives;
1. written or electronic notice of exercise (in accordance with the Plan 1) from the person entitled to exercise the Fresh Option and
 2. full payment for the Fresh Options including applicable taxes with respect to which the Fresh Option is exercised.
- 7.4 The Fresh Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed Fresh Options.
- 7.5 Vested Options can be exercised only by the Employee in whom the Fresh Options have vested. Fresh Options granted/vested to an Employee shall not be transferred to any other person.



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- 7.6 The Employee in whom a Fresh Option is vested would make an application to the Company for issue of Shares against the Fresh Option vested in him/ her by paying requisite amount of moneys. This application should be made after the vesting date and within the Exercise Period. Vested Options can be exercised in part or whole with a minimum of one Fresh Option. The unexercised portion of the Vested Options, will continue to be available to the Employee or the beneficiary for exercise, in case of specified circumstances such as death, disability, etc. upto such time frame as provided for in the Plan 1.

8. Change in capital structure or Corporate action

- 8.1 Except as hereinafter provided, a grant made shall be subject to adjustment, by the Board, at its discretion, as to the number and price of Fresh Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined herein.
- 8.2 If there is a 'Change in the Capital Structure' of the Company before the Fresh Options granted under this Plan 1 are exercised, the Employee shall be entitled on exercise of the Fresh Options, to such number of resultant shares to which he would have been entitled as if all the outstanding Fresh Options exercised by him, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the Fresh Options shall stand correspondingly adjusted.
- 8.3 The Shares in respect of which the Fresh Options are granted, are Shares as constituted on the date of the grant. But if and when, prior to the expiry of the Exercise Period there is a 'Change in the Capital Structure' of the Company, the number of resultant shares with respect to which the Fresh 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.



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- 8.4 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 such law.
- 8.5 Where the Company makes a further issue of capital upon which all the existing shareholders of the Company are offered a right to subscribe for the further issue of capital at a price lower than the market price, (hereinafter called the 'Rights issue'), the Board may in its absolute discretion, subject to applicable laws in force, permit the Employees to subscribe pro-rata to the additional Shares on the same terms and conditions as the Rights Issue, as if all the Options not Exercised by him had been Exercised by him before such Rights Issue of the Company, had taken place. Such newly subscribed Shares or other securities shall be issued on such terms and conditions as may be determined or deemed fit by the Board.
- 8.6 In the event of 'Corporate Action', the Board/the Committee, at least seven days prior to any 'Corporate Action' or sixty days thereafter, 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 Fresh Options act on any of the following alternatives:-
- I. Provide that on any Exercise of Fresh Options hereafter, the Employees shall be entitled to the Shares and / or resultant shares as if the Employees had been a holder of the Shares on the date of the Corporate Action.
 - II. Make such adjustments to the Fresh Options outstanding to reflect the 'Corporate Action', as may be necessary,
 - III. Substitute the Fresh Options granted, by fresh options in another issuer Company which have substantially the same terms as the Fresh Options granted under this Plan 1.
 - IV. Accelerate the Vesting and / or the Exercise of the Fresh Options so that the Fresh Options are to be compulsorily Exercised before the date specified by the NRC/ESOP Allotment Committee, failing which they shall lapse.
 - V. Require the mandatory surrender to the Company, by all or some of



the Employees, of all or some of the outstanding Fresh Options, irrespective of whether, the Fresh Options, have Vested or not, as on that date. In such an event the Board shall pay to such Employee an amount, in cash or otherwise, per Fresh Option, as the case may be, of the surrender value after deducting the balance Exercise Price payable, if any.

- VI. Deal with the outstanding Fresh Options in any other manner as it may deem fit in the interest of the Company and / or Employees.

Provided, however, unless specifically agreed otherwise upon by the Board and subject to the SEBI Guidelines, all Unvested Options on the date of any Corporate Action as envisaged above, shall lapse and the Employee shall not be entitled to any compensation of any nature whatsoever.

9. Lock-in

- 9.1 There shall not be any lock-in period for the Shares issued pursuant to exercise of Fresh Option
- 9.2 The Employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a Shareholder in respect of Fresh Option granted to him, till Shares are issued on exercise of Fresh Option.

10. Notices

All notices under the SFL ESOS (NO.1) shall be in writing, and shall be delivered or mailed to the Company at the below mentioned address to the attention of the Company Secretary and if to the Employee(s) shall be delivered personally or through post / courier / email to the Employee(s) / Nominee / Legal Heir at the address / email address appearing in the records of the Company. Such address / email address may be changed at any time by a written notice to the other party.

Shriram Finance Limited



Shriram Finance Limited
(Formerly known as Shriram Transport Finance Company Limited)

Registered Office: Sri Towers, Plot No. 14A, South Phase, Industrial Estate,
Guindy, Chennai 600032, Tamil Nadu, India.

Corporate Office: Wockhardt Towers, Level-3, West Wing, C-2, G Block,
Bandra – Kurla Complex, Bandra (East), Mumbai - 400051

Email: secretarial@shriramfinance.in

11. Beneficiary Designation

Each Employee under the Plan 1 may nominate, from time to time, any beneficiary or beneficiaries to whom any benefit under the Plan 1 is to be delivered in case of his or her death before he or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Employee, shall be in a form prescribed by the Company and will be effective only when filed by the Employee in writing with the Company during the Employee's lifetime.

12. Non-Transferability of Fresh Options

12.1 The Fresh Options shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

12.2 Fresh Options granted to any Employees shall not be transferable to any person.

12.3 No person other than the Employee to whom the Fresh Option is granted shall be entitled to Exercise the Fresh Option except in the event of the death of the Employee, in which provisions in table under Sub-clause 4.2 (b) would apply.

13. No Employment Rights conferred

13.1 This Plan 1 shall not form part of any contract of employment between the Company and the Employees. Nothing in this Plan 1 shall be construed as affording any Employee additional rights as to compensation or damages consequent to termination of employment for any reason.

13.2 This Plan 1 shall not confirm on any person any legal or equitable rights, other than those which he / she would be entitled to as an ordinary member of the

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Registered Office: Sri Towers, Plot No.14A, South Phase, Industrial Estate, Guindy, Chennai - 600 032. Tamil Nadu, India. Ph: +91 44 4852 4856

Website : www.shriramfinance.in | Corporate Identity Number (CIN) - L65191TN1979PLC007874



Company, against the Company either directly or indirectly or give rise to any cause of action in law or in equity against the Company

14. Arbitration

14.1 In the event of a dispute arising out of or in relation to the provisions of this Plan 1 (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 (Thirty) days, gives 10 (Ten) days' notice thereof to the other party in writing that the amicable settlement has failed. In case of such failure, either party may refer the dispute to a single arbitrator appointed by both the parties and failing such agreement, to three arbitrators, one to be appointed by each party and the third arbitrator to be jointly appointed by the two arbitrators appointed by the parties.

14.2 The arbitration proceedings shall be held in Chennai, India under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator(s) shall give a reasoned award in writing. The arbitrator(s) shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Chennai.

15. Accounting and Disclosures

The Company shall follow the requirements including the disclosure requirements of the Accounting Standards as prescribed under Section 133 of the Companies Act 2013 including 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time or as prescribed under SEBI (SBEBSE) Regulations.

16. Listing of the Shares

Subject to the approval of the Stock Exchanges, the relevant equity shares on exercise of the Fresh Options shall be listed on the Stock Exchanges on which

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the Shares of the Company are listed.

17. Taxation

- 17.1 The liability of paying taxes, if any, in respect of Fresh Options granted pursuant to this SFL ESOS 2023 (No.1) and the Shares issued pursuant to Exercise thereof shall be entirely on Employee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder.
- 17.2 The Company shall have the right to deduct from the Employee's salary, any of the Employee's tax obligations arising in connection with the Fresh Options upon the Exercise thereof. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully from the full and final settlement of the Employee.
- 17.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Employee.
- 17.4 All tax liabilities arising on disposal of the Shares after Exercise shall be borne and be handled by the Employee.

18. No Restriction of Corporate Action

The existence of the Plan 1 and the Fresh 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' 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 Plan 1 shall be construed to prevent the Company from taking any Corporate Action which is deemed by such Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan 1 or any grant made under the Plan 1. No Employee or other person shall have any claim against the Company as a result of such action.

19. New Plans

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Nothing contained in the SFL ESOS 2023 (No.1) shall be construed to prevent the Company directly or through any trust settled by any Company, from implementing any other new plans for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Plan 1 or any Fresh Grant made under the SFL ESOS 2023 (No.1). No Employee or other person shall have any claim against the Company and/or trust as a result of such action.

20. Issues

In respect of any issues arising in respect of the Plan 1, the decision of the Board shall be final and binding on all concerned.

21. Governing Laws

- 21.1 The terms and conditions of the SFL ESOS 2023 (No.1) shall be governed by and construed in accordance with the laws of India.
- 21.2 Subject to Clause 11 the Courts of Chennai shall have exclusive jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Plan 1.

22. Variation

In the event of any variation between the provisions of the Plan 1 and the SEBI Guidelines, the provisions of SEBI Guidelines shall prevail over the Plan 1 and the provisions of the Plan 1 shall be deemed to have been amended so as to be read in consonance with the SEBI Guidelines without further approval of the members or the Board of Directors.

23. Insider trading

In respect of the Shares allotted under the Plan 1, the Employee shall ensure compliance of the Company's policy on prohibition of insider trading, SEBI (Prohibition of Insider Trading) Regulations, 2015 and Securities Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to

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Securities Market) Regulations, 2003, as amended and such other regulations as may be applicable and notified from time to time by SEBI and/or the Stock Exchange on which the Shares are listed.

24. Validity of the Plan 1

This Plan 1 shall continue to be in force until (i) its termination by the Board as per provisions of Applicable Laws, or (ii) the date on which all the Fresh Options available for issuance under the Plan 1 have been exercised, whichever is earlier.

Any such termination of the Plan 1 shall not affect Fresh Options already granted and such Fresh Options shall remain in full force and effect as if the Plan 1 had not been terminated unless mutually agreed otherwise between the Employees and the Company or the Board.

25. Variation of terms of the Plan 1

The Company may by special resolution in a general meeting vary the terms of this Plan 1 offered for the Fresh Options not yet exercised by the Employee provided such variation is not prejudicial to the interests of the Employees.

The notice for passing special resolution for variation of terms of this Plan 1 shall disclose full details of the variation, the rationale therefore.

26. Confidentiality

The Participant shall not divulge the details of the Plan 1 and/or his holdings to any person except with the prior written permission of the NRC unless so required to do under the Applicable laws or any statutes or regulations applicable to such Participant.

27. Miscellaneous Provisions

- 27.1 The Employee shall have no rights as a Shareholder until the name of the Employee has been entered in the register of members of the Company as the holder of the Shares provided hereunder to such Employee.



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- 27.2 This Plan 1 shall not form part of any contract of employment between the Company and Employee, and the rights and obligations of Employee under the terms of his office or employment shall not be affected by his participation in this Plan 1 or any right which he may have to participate in it and this Plan 1 shall afford such an eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 27.3 This Plan 1 shall not confer on any person any legal or equitable rights against the Company or the Board directly or indirectly or give rise to any cause of action at law or in equity against the Company or the NRC.
- 27.4 The Company shall bear the costs of establishing and administering this Plan 1, including any costs of the Company's auditors or any independent financial adviser in relation to the preparation of any confirmation by them or provision of any other service in relation to this Plan 1.
- 27.5 An Employee shall, before accepting a Fresh Grant, obtain all necessary consents that may be required to enable him to accept the grant and the Company to allot and issue to him in accordance with the provisions of this Plan 1, the Shares due to be allotted and issued upon the exercise of his Vested Options. By accepting a grant and/ or submitting the exercise form, the Employee thereof is deemed to have represented to the Company or the NRC that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of a Fresh Grant by an Employee.
- 27.6 By accepting a Fresh Grant, an Employee expressly acknowledges that the Fresh Grant of Option does not constitute guarantee or continuity of employment and the Company shall reserve the right to terminate the employment of Employee with the Company in accordance with the terms of employment. An Employee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Plan 1.
- 27.7 The acceptance of the Fresh Grant is entirely voluntary and the Company or the NRC does not guarantee any return on Shares.
- 27.8 This Plan 1 constitutes the entire document in relation to its subject matter and



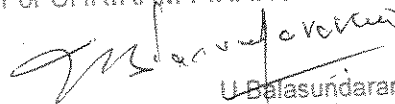
supersedes all prior agreements and understandings whether oral or written with respect to such subject matter.

- 27.9 In the event that any term, condition or provision of this Plan 1 being held to be a violation of any Applicable law, statute or regulation the same shall be severable from the rest of this Plan 1 and shall be of no force and effect and this Plan 1 shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan 1.

Date: March 15,2023

Place: Goa

For SHRIRAM FINANCE LIMITED


U. Balasundararao
Company Secretary

Shriram Finance Limited

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