

**EMPLOYEE STOCK OPTION SCHEME**

**OF**

**Aham Housing Finance Pvt. Ltd.**

**(Scheme of Stock Options for Employees)**

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**Part- A**  
**(General Information about Company)**

**Statement of Risks**

All investments in shares or options on shares are subject to risk as the value of shares may go down or go up. In addition, employee stock options are subject to the following additional risks:

- 1. Leverage:** Any change in the value of the Share can lead to a significantly larger change in the value of the Option as an Option amounts to a levered position in the Share.
- 2. Illiquidity:** The Options cannot be transferred to anybody, and therefore the Employees cannot mitigate their risks by selling the whole or part of their Options before they are exercised.
- 3. Vesting:** The Options will lapse as per the terms of this Scheme if the employment is terminated prior to Vesting. Even after the Options are vested, the unexercised Options may be forfeited as per the terms of this Scheme if the Employee is terminated for gross misconduct.

**1. Business of the company**

Aham Housing Finance Private Limited (“the Company”) is a Housing Finance Company registered with National Housing Bank (**Registration No- 06.0181.19**) under the supervision of the Reserve Bank of India.

Aham Housing Finance was incorporated with the aim to be the institution of choice for fulfilling every individual’s housing dream and also to be respected, trusted, and renowned for our exceptional customer service in the local community. Aham is currently working in 3 states i.e., Tamil Nadu, Andhra Pradesh, and Karnataka with 20 branch offices in operation.

**2. Continuing disclosure requirement:**

The Option Holders on becoming the Members shall receive copies of all documents. This shall include the annual report of the Company as well as notices of meetings and the accompanying explanatory statements.

## **(Salient Features of the Scheme)**

### **Part - B**

#### **1. INTRODUCTION:**

This document sets out the terms and conditions of the scheme under which Options are being granted to the Eligible Employees by the Company (such scheme being referred to herein as “the Scheme”). Please read the Scheme carefully. The contents of this Scheme, Grant Letter and other documents related to or arising from or in connection with this Scheme are confidential and it is a term of Grant of Options that any portion of such documents/information should not be discussed with or revealed to others.

#### **2. OBJECTIVES OF THE SCHEME:**

The purpose of this Scheme is to encourage ownership of the Company’s equity shares by Eligible Employees on an ongoing basis. The Scheme is intended to benefit the Company by enabling the attraction and retention of the best available talent by enabling them to contribute and share in the growth of the Company.

#### **3. PLAN OF THE SCHEME**

The Scheme contains the common terms and conditions for all Options granted. The specific parameters unique to each Option Holder such as the number of Options granted, Vesting Period, Exercise Period, Exercise Price etc. shall be specified in the Grant Letter (or any amendment thereto) issued to each such Option Holder to whom Options are granted and this Scheme (as amended or modified, from time to time) shall, be considered as forming an integral part of such Grant Letter at all times.

#### **4. DEFINITIONS**

In this Scheme, unless the context otherwise requires,

- a. “Applicable Laws” means the relevant laws in force for the time being (and as amended, modified, re-enacted or substituted from time to time) which govern companies and their securities and those which regulate the stock option schemes of the companies, but without limitation shall particularly include the Income Tax Act, 1961 and guidelines/notifications/circulars issued there under, the Companies Act, 2013. This Scheme is intended to comply with the Income-tax Act, 1961, and the Companies Act, 2013, and shall not differ from the provisions thereof save as provided for in the Scheme.

- b. "Board" means the board of directors of the Company.
- c. "Cause" shall mean (*except as otherwise mentioned in an employment agreement or offer letter issued to any Eligible Employee*) any act of fraud or other criminal offence, breach of fiduciary duty, non-performance, any offence involving moral turpitude or professional misconduct in relation to the employment of an Eligible Employee or such other reason as may be specified by the Board in a notice of termination to an Eligible Employee.
- d. "Company" means Aham Housing Finance Private Limited having its registered office at 95/8, First Floor, New Military Road, Avadi, Chennai- 600054.
- e. "Director" means a member of the Board and includes additional directors or directors appointed to fill casual vacancies, as well as alternate directors.
- f. "Eligible Employee" means an Employee who qualifies for the issue of Options under this Scheme, based on the annual appraisal process and who is nominated by the Board at its sole discretion as being eligible for the issue of Options.
- g. "Employee" means any person who is
  - i. a permanent employee of the Company who has been working in India or outside India; or
  - ii. a director of the Company, whether a whole-time director or not, but excluding an Independent Director; or
  - iii. an employee as defined in sub-clauses (i) or (ii) of a subsidiary, in India or outside India, or of a holding company of the company;

Exclusions:

- (A) Employee who is a Promoter or a person belonging to the Promoter group; or
  - (B) A Director who either by himself or through his relative or through anybody corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company.
- h. "Exercise" is the act of a written application being made by an Option Holder to the Company along with payment of the applicable Exercise Price for the issue of Shares against Options Vested in him/her pursuant to this Scheme.
  - i. "Exercise Period" shall be the time period after Vesting within which the Option Holder should exercise his/her right to apply for Shares against the Option Vested in him/her. In case the Option Holder does not exercise the Options during the Exercise Period, they will lapse and no rights will accrue after that date. The Exercise Period shall be specified in the Grant Letter to the Option Holder.
  - j. "Exercise Price" means the price payable by the Option Holder for Exercising an Option granted to him/her under this Scheme as may be determined by the Board in accordance with Clause 7 of this Scheme.

- k. "Grant" means the process by which an Eligible Employee is given an Option.
- l. "Grant Letter" means the letter issued to a specific Eligible Employee, granting Options to him/her and containing other specific details such as the number of Options granted, Exercise Period, Exercise Price etc., and shall include all amendments or modifications to such terms, from time to time, as notified to such Eligible Employee. The Scheme (as amended or modified, from time to time) shall be considered as and form an integral part of the Grant Letter.
- n. "Option" means a stock option granted pursuant to this Scheme to Eligible Employees, which gives such Eligible Employees the benefit or right (but not an obligation) to apply for and be allotted Equity Shares of the Company at the Exercise Price, during or within the Exercise Period, subject to the requirements of Vesting and subject to and in accordance with the terms and conditions of grant set out in the Grant Letter and the Scheme, each as amended or modified from time to time.
- o. "Option Holder" means an Eligible Employee who holds one or more Options granted pursuant to this Scheme.
- q. "Promoter" means:
  - a) Who has been named as such in a prospectus or is identified by the company in the annual return or
  - b) Who has control over the affairs of the Company, directly or indirectly whether as a shareholder, director or otherwise or
  - c) In accordance with whose advice, directions or instructions the Board of Directors of the Company is accustomed to act
- r. "Shares" mean equity shares and securities convertible into equity shares of the company.
- s. "Vesting" means the process by which the Option Holder is given the right to apply for Shares of the Company against the Options granted to him in pursuance of this Scheme and the term "Vested" shall have a co-related meaning.
- t. "Vesting Period" in respect of an Option means the period after which such Option will be considered to have Vested in the Option Holder. The Vesting Period may vary for different Option Holders or Options, as may be determined by the Board.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Companies Act, 2013 or any statutory modification or reenactment thereof, as the case may be.

## **5. ELIGIBILITY OF EMPLOYEES**

Only Employees as defined herein are eligible under this Scheme. A list of Employees who are recommended for Options will be presented to the Board by the management. The list will be drawn based on the overall ratings obtained by the Employees in their annual appraisal process. The list would also cover senior management personnel who have newly joined the Company. Subject to this, the Board shall, at its sole discretion, determine which Employee or category of Employees shall be eligible for Grant of Options and the terms of Grant thereof.

## 6. GRANT OF OPTIONS AND THEIR VESTING

- a. The maximum number of Options that may be granted under this Scheme is up to 2,00,000 Equity Shares provided that all Options that have lapsed (including those having lapsed by way of forfeiture or by non-Exercise) shall be added back to the number of Options that are available for Grant by the Board. It is expressly clarified that the forfeiture of the Options Granted to an Eligible Employee may be forfeited by the Company in the following cases:
- Where the Options which have vested on an Eligible Employee have expired due to Non-Exercise of such Vested Options prior to the expiry of the Exercise Period; or
  - Where Options which have not been vested on an Eligible Employee and remain unvested at the time of termination of employment of such Eligible Employee's with the Company.
- b. Except as otherwise specifically mentioned in the Grant Letter issued to Eligible Employees by the Board of the Company, the Board may, on such dates as it shall determine, Grant to such Eligible Employees as it may in its absolute discretion select, Options of the Company on the terms and conditions as follow: -

	<b>Options Criteria</b>	<b>Percentage of Options</b>	<b>Vesting Period</b>	<b>Exercise Period</b>
Granting	Grant of Options	100%	-	-
Vesting	I Vesting	40%	12 months from Grant	5 yrs from I Vesting
	II Vesting	30%	24 Months from Grant	5 yrs from II Vesting
	III Vesting	30%	36 Months from Grant	5 yrs from III Vesting

- c. The Vesting Period of the Options shall be a minimum of one year from the date of the Grant and may be extended up to three years from the date of the Grant.
- d. The Board may determine and specify, from time to time, the Exercise Price and specify the Exercise Price, if any, in the Grant Letter to the Option Holder and/or subsequent notification as the case may be.
- e. The maximum number of Options to be issued per Eligible Employee will be decided by the Board.

## **7. EXERCISE PRICE:**

- a. The Exercise Price for an Option shall be the face value of the Shares or any higher price which may be decided by the Board considering the prevailing market conditions and the norms as prescribed by relevant regulatory authorities.
- b. The Exercise Price for Options shall be as specified in the Grant Letter issued to the Option Holder in respect of such Options (as modified or amended, from time to time, by notification to the Option Holder) with respect to each Vesting.

## **8. EXERCISE OF OPTION**

- a. Subject to the provisions of Clause 12 and other relevant terms of this Scheme, an Option shall be deemed to have been exercised when the Company receives:
  - i. a written application (*in physical or electronic form*) for Exercise of Option from the Option Holder,
  - ii. the full payment of the Exercise Price for the Options sought to be exercised;
  - iii. the amount of tax, if any on the amount that is determined as a prerequisite in the hands of the Employee, based on the Exercise Price and the fair market value of the Shares of the Company.
- b. Full payment shall be made as per the method of payment authorized by the Board and permitted by the Grant Letter (*as amended or modified, from time to time*).
- d. The process of allotment of the Shares to the Option Holder who has validly Exercised his/her Vested Options should be completed within 60 days of completion of valid Exercising of such Options Vested, in accordance with the terms prescribed in the Grant Letter and this Scheme.
- e. Option holders can Exercise Options, in whole or in part, any time during the Exercise Period of such Options, provided that no Option can be Exercised in fractions.

## **9. FAILURE TO EXERCISE OPTION**

If any Options that are vested are not exercised within the applicable Exercise Period, the options will be automatically forfeited by the Company after the last date of the Exercise Period.



**10. TERMS AND CONDITIONS OF THE SHARES:**

- a. All Shares allotted on Exercise of Options will rank *pari-passu* with all other equity shares of the Company for the time being issued.
- b. Until the Shares are issued (*as evidenced by the appropriate entry in the Register of Members of the Company*), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option.

**11. NON-TRANSFERABILITY OF OPTIONS**

- a. Option granted to an Option Holder shall not be transferable or assignable to any person.
- b. Except as otherwise provided for under this Scheme, no person other than the Option Holder to whom the Option is granted shall be entitled to exercise the Option.
- c. The Option granted to the Option Holder shall not be pledged, hypothecated, or otherwise alienated in any other manner.

**12. TERMINATION OF RELATIONSHIP AS AN EMPLOYEE**

- a) The Company may, at any time and in accordance with the terms of employment and the reasonable decision of the management of the Company, terminate the employment of an Eligible Employee (*whether for Cause or not*). In the event that an Eligible Employee is terminated from their employment, the Options (*whether unvested or vested*) shall be dealt with in the following manner:

Where the termination of employment is for Cause	<ul style="list-style-type: none"> <li>a. All unvested Options will stand cancelled on the date of termination of employment.</li> <li>b. All vested options will stand cancelled on the date of employment.</li> <li>c. The Eligible Employee shall continue to hold any Shares allotted to him pursuant to Exercise of Options and the Shares shall continue to be bound by restrictions as mentioned in the Articles of Association of the Company for the time being in force.</li> </ul>
Where the termination of employment is not for Cause	<p><u>In the event of termination by retirement:</u></p> <ul style="list-style-type: none"> <li>a. The Eligible Employee shall be provided the option to Exercise all unexercised Options which have vested on him on or prior to the date of retirement; and</li> <li>b. The Board shall have the right to accelerate any unvested Options to vest on the Eligible Employee prior to the date of his retirement.</li> </ul> <p><u>In the event of termination by resignation:</u></p>

- a. The Company (*represented by the Board*) shall forfeit any unexercised Options which have vested on him on or prior to the date of resignation and which forfeited Options may be granted by the Board to any other Eligible Employee; and
- b. Any unvested Options in relation to an Eligible Employee shall be forfeited by the Company on the date of his resignation and which unvested Options may be granted by the Board to any other Eligible Employee.

In any other cases (*not being termination by retirement or resignation*):

- a. All unvested Options will stand cancelled on the date of termination of employment. Provided however that, in the event of termination of the employment of an Eligible Employee due to death or permanent incapacity, all unvested Options shall immediately and fully vest on the Eligible Employee/ legal heirs/ nominee of the Eligible Employee.
- b. The Eligible Employee (*or their legal heirs/ nominee*) shall have a period of 3 months from the date on which their employment is terminated to exercise the Options failing which the Options will lapse.
- c. The Eligible Employee (*or their legal heirs/ nominee*) shall continue to hold any Shares allotted to him pursuant to Exercise of Options and the Shares shall continue to be bound by restrictions with respect to transfer as set out under the Articles of Association of the Company.

### **13. ADMINISTRATION OF THE SCHEME**

- a. The Scheme shall be administered by and be under the superintendence of the Board or a Committee if formed for the purpose, from time to time. The Option Holder shall abide by the policies, decisions and procedures laid down by the Board, from time to time.
- b. Subject to the provisions of this Scheme, and subject to the approval of any relevant authorities and of the shareholders in general meetings as and where required, the Board shall inter alia, formulate from time to time, some specific parameters relating to the Scheme including:
  - a. to construe and interpret the terms of the Scheme and Options granted pursuant to the Scheme, as well as terms of any Grant Letter;
  - b. the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, mergers, demergers, amalgamation, sale of division, business transfer and others. In this regard, the following shall be taken into consideration by the Board –

- total value of the Options remains the same after the corporate action;
- ii. for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
- iii. the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Holders;

The matters as specified in the preceding clause may be specified in the Grant Letter or may be intimated to the Option Holder from time to time.

All decisions, determinations and interpretations of the Board shall be at the sole discretion of the Board and shall be final and binding on all Employees and Option Holders.

- c) The Board shall frame suitable policies and systems to ensure that there is no violation of the guidelines issued under the Income-tax Act, 1961, for the grant of ESOPs so as to be eligible for exemption thereunder.
- d) The Scheme shall be effective on receipt of the approval from the shareholders in the Shareholders' Meeting.

#### **14. AMENDMENT AND TERMINATION OF THE SCHEME**

- a. The Board may at any time amend, alter, suspend or terminate the Scheme, to the extent, subject to and after compliance with the requirements of Applicable Laws, provided that the Company shall not vary the terms of the Scheme in any manner which may be detrimental to the interests of the Option Holders.
- b. The Company may by a special resolution in a general meeting vary the terms of the Scheme offered pursuant to an earlier resolution of a general body but not yet exercised by the Option Holders provided such variation is not prejudicial to the interests of the Option Holders.
- c. Any change, amendment, etc. under this clause shall be subject to obtaining of approvals from concerned authorities and so long as otherwise such change, etc. is in accordance with the statutory provisions, guidelines, etc.

#### **15. GENERAL**

- a. The Company shall be entitled to file this Scheme with such authorities and persons as it may be required under law to file or where it deems fit.
- b. This Scheme shall not form part of any contract of employment between the Company and the Employee/Option Holder. The rights and obligations of any individual under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in and nothing in this Scheme shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.

- c. This Scheme shall be subject to all Applicable Laws, rules, and regulations and to such

approvals by any government agencies as may be required. The Grant of Options under this Scheme shall entitle the Company to require the Option Holders to comply with such requirements of law as may be necessary in the opinion of the Company.

- d. Participation in this Scheme shall not be construed as any assurance of any form whatsoever including any guarantee of return on the equity investment. Any risks associated with the investment are that of the Option Holder alone.
- e. All costs and expenses with respect to the adoption of the Scheme and in connection with the registration of Shares shall be borne by the Company; provided, however, that except as otherwise specifically provided in the Scheme or in any agreement between the Company and an Option holder, the Company shall not be obliged to pay any costs or expenses (*including legal fees*) incurred by any Option Holder in connection with any Option held by such Option Holder or transfer or other dealing with Shares held by an Option Holder pursuant to Exercise of Options.
- f. In the event of any tax liability, present or future, arising on account of the grant of the Options/conversion into shares/transfer of shares to the employee, the liability shall be that of the employee alone and the Company shall be indemnified to the extent of income tax if any levied at any point of time. The Company shall have the right to deduct tax at source or demand and recover tax from the employee of such an amount as may be advised to it by the tax advisors at the time of grant or exercise of the Options.
- g. The Scheme shall continue to operate so long as there are un-issued or unexercised Options and thereafter shall continue to operate till the Board decides to terminate the Scheme. The Scheme shall operate independently and parallel to any Scheme that may presently exist, if any. The Company may introduce new schemes or schemes that may have features, terms and conditions that are different from the Scheme.
- h. The Employee shall enter into such agreement, if any, as the Company or its representative may desire from time to time to fully and effectively implement this Scheme.

## **16. INTERPRETATION OF THE SCHEME AND OTHER ASPECTS**

- a. In case of any doubts or disputes as to the meaning or interpretation of any clause or word of the Scheme or Grant Letter to an Option Holder (*including any amendments of modification thereto*), the matter shall be referred for final determination to an arbitrator nominated by the Board and the decision of such arbitrator shall be final and binding on the Company and the Option Holder. The Scheme and the Grant Letter shall be subject to the laws applicable in India and shall be subject to the jurisdiction of the Courts where the Company's Registered Office is situated.
- b. If any clause(s), or part thereof is found to be invalid or void on any account, the remaining clause(s) shall continue to have full force and effect as if such clause, clauses or part thereof

were not contained in the Scheme.

## **17. CONFIDENTIALITY**

- a. The Employee who holds any Options/ Shares under the Scheme shall not divulge the details or terms of the Scheme, any Grant Letter and his/her holding to any person except any disclosure as may be required as per Applicable Laws.

## **18. DISCLOSURE AND ACCOUNTING POLICIES**

The Company shall comply with disclosure and the accounting policies as may be applicable from time to time.

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