

**EMPLOYEE STOCK OPTION SCHEME ('ESOP') &  
PERFORMANCE STOCK OPTION SCHEME ('PSOP')**

**OF**

**AAVAS FINANCIERS LIMITED**

<b>Scheme Name</b>	<b>Link of AGM Notice /Postal Ballot Notice Wherein ESOP/PSOP Scheme Placed for Shareholders' Approval</b>
ESOP 2016-I	<a href="#">Postal Ballot Notice</a>
ESOP 2019	<a href="#">AGM Notice</a>
ESOP 2020	<a href="#">AGM Notice</a>
ESOP 2021	<a href="#">AGM Notice</a>
ESOP 2022	<a href="#">AGM Notice</a>
PSOP 2023	<a href="#">Postal Ballot Notice</a>
PSOP 2024	<a href="#">AGM Notice</a>

# **EQUITY STOCK OPTION PLAN FOR EMPLOYEES 2016**

**FOR**

**Aavas Financiers Limited**  
**(Formerly known as AU Housing Finance Limited)**

**Amended as on 22 February, 2018**



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## SECTION 1 TITLE AND COMMENCEMENT

- 1.1. This employee stock option plan shall be called the Equity Stock Option Plan for Employees 2016 (the "**Plan-I**" or the "**ESOP 2016-I**") and shall be applicable to certain employees of Aavas Financiers Limited (Formerly known as Au Housing Finance Limited), a company incorporated under the Companies Act, 1956 and having its Regd. and Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 ("**Aavas Financiers**" or the "**Company**") [and its subsidiaries] as are identified and approved by the board of directors of the Company (the "**Board**") on 25<sup>th</sup> Jan, 2017.
- 1.2. The approval of shareholders by way of special resolution passed on 23<sup>rd</sup> February, 2017 has been obtained by the Company in order to grant Options to Employees of the Company and its subsidiaries.
- 1.3. The ESOP 2016-I shall become effective from 23<sup>rd</sup> February, 2017 (the "**Effective Date**").
- 1.4. The ESOP 2016-III Plan was later amended by obtaining approval of the board of directors on 25<sup>th</sup> Jan, 2018 and the approval of shareholders by way of separate resolution passed on 23<sup>rd</sup> February, 2018.





## SECTION 2 OBJECTIVE

- 2.1. Aavas Financiers, a company incorporated under the Companies Act, 1956 and having its Regd. & Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020, has structured this Plan for its Employees and the Employees of its subsidiary companies, (as defined under the Companies Act, 2013). The purpose of this Plan is as under:
- a) Create corporate identity- Professionally driven company;
  - b) Attain performance targets;
  - c) Retention;
  - d) To offer an opportunity of sharing the wealth created to those employees who have contributed to creation of wealth of shareholders;
  - e) Aligning the objective of the individual with the shareholders interest & Company philosophy and
  - f) Loyalty

This purpose is sought to be achieved through the Plan to acquire the Shares of the Company by its Employees.

- 2.2. Further, the Plan will be implemented, for and on behalf of and at the request of the Subsidiary Companies of Aavas Financiers, for the employees of the Subsidiary Companies. The purpose of this Plan is to retain and reward the employees of the Subsidiary Companies for high levels of individual performance and for unusual efforts to improve the financial performance of the respective Subsidiary Companies, which will ultimately contribute to the success of the Company. This purpose is sought to be achieved through the issue of options, for and on behalf of, and at the behest of the Subsidiary Companies to their employees.



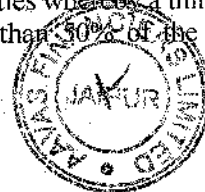
### SECTION 3

#### DEFINITIONS AND INTERPRETATION

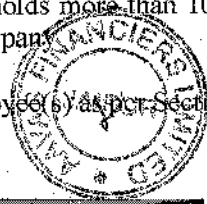
##### 3.1. Definitions

In this Plan, the following expressions including their grammatical variations or cognate expressions shall, where the context so admits, have the following meaning:

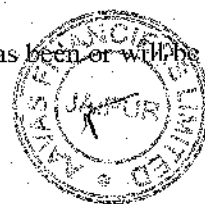
<b>Acceptance Form</b>	means the form that the employee has to submit indicating his acceptance of the offer made to him to participate in the Plan;
<b>Applicable Laws</b>	means any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, approval, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administrative order having the force of law in India of any of the foregoing by, any Government Authority having jurisdiction over the matter in question.
<b>Board</b>	shall have the meaning ascribed to it in Section 1.1.
<b>Cashless Exercise</b>	means the exercise of Options by an Employee according to the procedure for cashless exercise laid down by the Nomination & Remuneration Committee.
<b>Cause</b>	means (a) constant failure of the Employee in the opinion of Nomination & Remuneration Committee to achieve assigned performance targets and objectives, (other than any such failure resulting from retirement, death or Disability), or (b) the Employee engaging in willful, reckless or grossly negligent misconduct which is determined by the Nomination & Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise, or (c) the Employee's pleading guilty to or conviction of a offense involving imprisonment of more than one (1) year, or (d) fraud, moral turpitude, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company to any third party, or (e) employment of the Employee in any other organization, or (f) the Employee engaging, directly or indirectly, in any activity similar to or competing with the business or acquiring an interest in any entity (except to the extent 1% of the total paid up share capital of a public listed company) whose primary business is similar to or competing with the business, or rendering services to any entity or business similar to or competing with the business.
<b>Change in Control</b>	means any, direct or indirect, sale of Equity Securities whereby a third party acquirer (along with any affiliates) holds more than 50% of the Equity Securities of the Company;



<b>Companies Act</b>	means the Companies Act, 2013, including any statutory modifications or re-enactments thereof.
<b>Company</b>	shall have the meaning ascribed to it in Section 1.1.
<b>Corporate Action</b>	shall have meaning as understood under the SEBI Regulations. Corporate Action shall include (i) a scheme for merger, reconstitution, consolidation, dissolution, liquidation or reorganization, exchange of Shares, share swaps, sale of all or substantially all of the assets of the Company (ii) any stock dividend, stock split, reverse stock split, stock combination, rights issue, bonus issues or other changes in the capital structure of the Company or (iii) any other event which in the judgment of the Board necessitates action of making a fair and reasonable adjustment to the number of Options and/ or to the Exercise Price, such adjustment shall be made in a manner that the total value of the Options remains the same after the Corporate Action or (iv) any change in control or (v) any divestment of the shareholding of the company.
<b>Director</b>	means a director appointed to the board of a company.
<b>Disability</b>	means a total and permanent physical or mental incapacity of an Employee to perform his/her duties.
<b>Drag</b>	means right provided to the Investors, until the occurrence of qualified IPO to ask Employees to sell their Shares issued pursuant to Exercise of Options at the same price at which the investor divest their equity securities and/or Corporate Action takes place.
<b>Effective Date</b>	shall have the meaning ascribed to it in Section 1.2.
<b>Employees</b>	means: <ul style="list-style-type: none"> <li>(a) a permanent employee, of the Company working in India or out of India; or</li> <li>(b) director of the company, whether whole-time director or not but excluding an independent director; or</li> <li>(c) an employee as defined in clause (a) or (b) of a subsidiary, in India or outside India, but does not include- <ul style="list-style-type: none"> <li>i. an employee who is a promoter or a person belonging to the promoter group, or</li> <li>ii. a director, who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of the Company.</li> </ul> </li> </ul>
<b>Eligible Employees</b>	for the purpose of this Plan means the identified Employee (6) as per Section 4.2 below



<b>Equity Securities</b>	means the Equity Shares, preferred shares, bonds, loans, warrants, rights, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase Equity Shares of the Company or any instrument or certificate representing a beneficial ownership interest in the Equity Shares of the Company, including global depositary receipts and American depositary receipts and any other security issued by the Company, even if not convertible into Equity Shares, that derives its value and/or return based on the financial performance of the Company or its Equity Shares.
<b>ESOP 2016-I Plan</b>	or shall have the meaning ascribed to it in Section 1.1
<b>Exercise</b>	means making of an application by an employee to the company for issue of shares against vested options in pursuance of this Plan, accompanied by the Exercise Price payable for such Shares.
<b>Exercise Period</b>	means a period of four 4 years from the date of each Vesting of Stock Options.
<b>Exercise Price</b>	means the price, if any, payable by the employee for exercising the option in pursuance of the plan.
<b>Exercise Window</b>	means the period during the year in which the Employees can Exercise their Stock Options.
<b>General meeting</b>	means a General Meeting (including an Extraordinary General Meeting) of the Shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable Laws;
<b>Government Authority</b>	means (a) central, state, city, municipal or local government, governmental authority or political subdivision thereof having jurisdiction; or (b) any agency or instrumentality of any of the authorities referred to in sub-clause (a); or (c) any regulatory or administrative authority, body or other organization having jurisdiction, to the extent that the rules, regulations, standards, requirements, procedures or orders of such authority, body or other organization have the force of the Applicable Law; or (d) any Court or tribunal having jurisdiction.
<b>Grant</b>	means the process by which the company issues options under the plan
<b>Grant Date</b>	means the date on which the Nomination & Remuneration Committee approves the Grant
<b>Grant Letter</b>	means the letter under which the grant of options has been or will be made to an employee in the specified form.
<b>Grantee</b>	



	shall mean an Eligible Employee having a right but not an obligation to exercise an option in pursuance of this Plan
<b>Group</b>	means two or more companies which, directly or indirectly, are in a position to - <ul style="list-style-type: none"> <li>(a) exercise 26% or more of the voting rights in the other company; or</li> <li>(b) appoint more than 50% of the members of the board of directors in the other company; or</li> <li>(c) control the management or affairs of the other company.</li> </ul>
<b>Holding Company</b>	means a Company defined under section 2(46) the Companies Act, 2013;
<b>Independent Director</b>	shall have the same meaning assigned to it in Clause 49 of the Equity Listing Agreement as prescribed by the SEBI.
<b>Investors</b>	means: <ul style="list-style-type: none"> <li>(a) Lake District Holdings Limited</li> <li>(b) Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1</li> <li>(c) Partners Group Private Equity Master Fund LLC</li> <li>(d) Partners Group ESCL</li> </ul>
<b>Lock-in Period</b>	means period in which there is restriction on sale of Underlying Shares issued to Employee pursuant to Exercise of Stock Options
<b>Market Price</b>	<p><u>For Listed Equity shares:</u> means the latest available closing price of the shares, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.</p> <p><u>For Unlisted equity shares:</u> Fair Market Value means the price per Equity Share of the Company as certified by an independent valuer. An independent valuer can be a Category-I Merchant banker hired by the Board/ Committee at their discretion</p>
<b>Nominee</b>	means the person or persons, trust or trusts designated by the Employee, or in the absence of any designation by the Employee, a person or persons who is/are entitled by the will or probate of the Employee to receive the benefits specified in the Plan, the legal heirs of the Employee, if the Employee dies intestate and includes the Employee's executors or administrator, if no other Beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof;



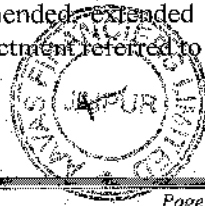
<b>Nomination &amp; Remuneration Committee</b>	means the Nomination & Remuneration Committee as constituted by the Board for administration and superintendence of the schemes in accordance with Companies Act, 2013
<b>Option or Stock Option</b>	means the Option given to an Employee which gives him a right to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre-determined price. Subject to Section 9 of the Plan, each option will entitle the Employee to one Share of the Company.
<b>Participant</b>	means a Grantee who accepts the Grant from the Company/ Nomination & Remuneration Committee/ Trust to participate in this Plan pursuant to Section 5 below.
<b>Promoter</b>	means promoter as defined under the SEBI Regulations;
<b>Promoter Group</b>	means promoter group as defined under the SEBI Regulations;
<b>Qualified IPO</b>	means an initial public offering of the Equity Shares (or merger or amalgamation transaction) whereby such Equity Shares are listed on either the National Stock Exchange Limited or Bombay Stock Exchange Limited or any other recognized stock exchange, as approved by the Company.
<b>Relative</b>	means relative defined under the SEBI Regulations;
<b>Recognized Stock Exchange</b>	means recognized stock exchange as defined under Securities Contracts (Regulation) Act, 1956
<b>Retirement</b>	means retirement as per the rules of the company
<b>Resultant Shares</b>	means the Equity Shares issued in lieu of shares of the Company on any Change in Capital Structure as mentioned in this Plan.
<b>SEBI Regulations</b>	means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.
<b>Share Capital</b>	means the issued and paid up share capital of the Company consisting of 5,40,93,895 Equity Shares having face value of Rupees Ten (10) per share.
<b>Shares or Equity Shares</b>	means equity shares of the Company with a current face value of Indian Rupees Ten (10) per equity share.
<b>Share Pool</b>	means the total number of Stock Options as approved by the Shareholders in the general meeting pursuant to this Plan.
<b>Shareholders</b>	means registered shareholder of a share in the share capital of the company.



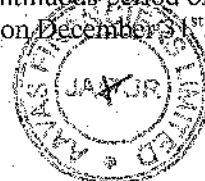
<b>Share Purchase Agreement</b>	means the amended and restated Share Purchase Agreement (SPA) dated 5 <sup>th</sup> February, 2016 entered into amongst Au Financiers (India) Limited and the Investors read with the amendment agreement dated 31 <sup>st</sup> May, 2016.
<b>Subsidiary Company</b>	means a Company defined under section 2(87) the Companies Act, 2013;
<b>Trust</b>	means a trust which may be established, under the provisions of Indian Trusts Act, 1882 including any statutory modification or re-enactment thereof, for implementing any of the Plans covered by these regulations.
<b>Trust Deed</b>	means the trust deed under which Aavas Financiers Limited has appointed the Trustees.
<b>Trustee</b>	means the trustee of the Trust appointed pursuant to the Trust Deed.
<b>Tag</b>	means right provided to Employees, until the occurrence of qualified IPO to sell their Shares issued pursuant to Exercise of Options at the same price at which the investor divest their equity securities and/or Corporate Action takes place.
<b>Termination date</b>	means the date of termination of the employment of the employee with the group or the extended group, as the case may be.
<b>Unvested option</b>	Means an option which is not a vested option.
<b>Underlying Shares</b>	means the Shares underlying the Options on the basis of one Option entitling an Employee to one Share.
<b>Vesting</b>	means the process by which the employee becomes entitled to receive the benefit of a grant made under this plan..
<b>Vesting Date</b>	means the respective dates on and from which the option vests with the employee and thereby becomes exercisable.
<b>Vesting Period</b>	means the period during which the vesting of option granted under the plan takes place.

### 3.2. Interpretation

- (a) In this Plan (unless the context requires otherwise), any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to:
  - (i) that enactment as amended, extended or applied by or under any other enactment before, on or after the date of this Plan; and
  - (ii) any subordinate legislation (including regulations) made (before, on or after the date of this Plan) under that enactment, as re-enacted, amended, extended or applied as described in paragraph (i) above, or under any enactment referred to in paragraph (i) above.



- (b) In this Plan, any reference to a contract, deed, indenture, constitutional document or other agreement includes references to that contract, deed, indenture, constitutional document or other agreement as amended, modified, supplemented, superseded or terminated, on or after the date thereof.
- (c) In this Plan, reference to including and include shall be construed to mean "including without limitation" and "include without limitation" respectively, unless otherwise specified.
- (d) In this Plan, references to a person shall be construed so as to include any individual, firm, company, unincorporated association of persons, government, state or agency of a state or any joint venture, association, partnership, or employee representative body (whether or not having separate legal personality).
- (e) In this Plan, references to INR or Indian Rupees are to the lawful currency from time to time of the Republic of India.
- (f) Where there is any inconsistency between the definitions set out in Section 3.1 and the definitions set out in any other Section or schedule, then for the purposes of construing such Section or schedule, the definitions set out in such Section or schedule shall prevail.
- (g) In this Plan:
  - (i) words importing the singular shall include the plural and vice versa; and
  - (ii) References to a person save as otherwise provided in this Plan or save as otherwise may be reasonably inferred shall include the successors or permitted assigns of that person (immediate or otherwise).
- (h) The headings in this Plan do not affect its interpretation and are for convenience only. Any schedule or annex to this Plan shall take effect as if set out in this Plan and references to this Plan shall include its schedules and annexure.
- (i) In this Plan, unless the contrary intention appears, a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item is a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item of this Plan.
- (j) For the purposes of any calculation under this Plan any fraction the will be rounded up or down to the nearest integer.
- (k) In this Plan, any references to "month" shall, unless a contrary intention appears, mean a continuous period of thirty (30) days from (and excluding) the date of the event where applicable, else a calendar month and "year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) months from (and excluding) the date of the event where applicable, else a continuous period of twelve (12) calendar months and "calendar year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) calendar months commencing on January 1<sup>st</sup> and ending on December 31<sup>st</sup>.





## SECTION 4

### AUTHORITY, CEILING AND ADMINISTRATION OF THE ESOP 2016-I

- 4.1. The Shareholders in their general meeting held on 23<sup>rd</sup> Feb, 2017 have approved the Grant of such number of Options being not more than the Share Pool of 16,47,901 shares, pursuant to the ESOP 2016-I, to the Employees and have granted the authority of designing, implementing and administering such Plan to the Nomination & Remuneration Committee in accordance with the provisions hereof as well as the Applicable Laws and under the general direction and supervision by the Board.

*However, the shareholders of the company, vide resolution dated 22<sup>nd</sup> February 2018 have approved to reduce the Share Pool from 16,47,901 to 12,87,901. The reduction in the Share Pool by 3,60,000 shares is against the un-granted options as on 22<sup>nd</sup> February 2018.*

- 4.2. The eligibility to participate in the Plan is subject to such criteria as may be decided by the Nomination and Remuneration Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality or any other criteria, as the Nomination and Remuneration Committee determines.

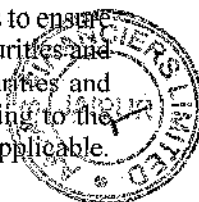
- 4.3. The Nomination & Remuneration Committee shall have the following powers in relation to the ESOP 2016-I, subject to concurrence by the Board:

- (a) Laying down the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of Change in the Capital Structure;
- (b) Providing for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave or whose services have been seconded to any other company;
- (c) Laying down the procedure for cashless exercise, as may be applicable, by the employees upon vesting of shares
- (d) Such other powers as may be necessary or expedient in connection of the implementation or administration of the Plan.

- 4.4. The Nomination & Remuneration Committee shall interpret the Plan and shall make all other determinations necessary or advisable for its administration. In respect of any issues arising in respect of administration and implementation of the Plan, the decision of the Nomination & Remuneration Committee shall be final and binding on all concerned. The Company/ the Board/ the Nomination & Remuneration Committee shall not be liable for any action or determination made in good faith with respect to the Plan or any Option granted there under.

- 4.5. The Nomination & Remuneration Committee may correct any defect, omission or reconcile any inconsistency in the Plan in the manner and to the extent the Nomination & Remuneration Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of the Plan and take any action which the Board is entitled to take.

- 4.6. The Nomination & Remuneration Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Trust, the Company and its Employees, as applicable.



**SECTION 5**  
**GRANT OF OPTIONS and METHOD OF ACCEPTANCE**

- 5.1 The Nomination & Remuneration Committee may offer the Options to a Grantee in accordance with the terms and conditions of this Plan for the time being in force. The Committee will decide the number of Options to be granted to each Eligible Employee.
- 5.2 During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under SEBI Regulations) of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting.
- 5.3 Subject to the Share pool agreed in the general meeting, the Options may be granted in one or more tranches. Subject to Section 8, each Option will entitle the Participant to one Share of the Company.
- 5.4 The Grant of the Options by the Nomination & Remuneration Committee to the Grantee shall be made in writing and communicated to the Grantee by a Grant Letter. Such a Grant shall state the number of Options Granted, the Exercise Price and the Closing date of accepting the Grant as per the Plan.
- 5.5 The Closing Date of accepting the offer shall be as specified in the Grant Letter. In any event, the Closing Date shall not be more than 30 days from the Grant Date. An offer made under Section 5.1 above is personal to the Grantee and cannot be transferred in any manner whatsoever.
- 5.6 The method of acceptance of the Grant made pursuant to Section 5.1 above, shall be determined in accordance with the Plan. Upon receipt of a duly completed acceptance Form from the Grantee in respect of the Grant, the Grantee will become a Participant.
- 5.7 Subject to the terms contained herein, the acceptance in accordance with this Plan, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.



## SECTION 6

### VESTING SCHEDULE and CONDITIONS

- 6.1 The Options granted to an Employee, in terms of **Schedule 2**, shall vest in an Employee in the manner and subject to the vesting conditions (time and performance) mentioned below.

#### Vesting Conditions and Schedule

50% of the total options granted to an employee shall be considered as Time options and balance 50% of the total options granted shall be considered as Performance options.

#### (A) Time Options

*The First grants* of Time Options shall vest as per the below schedule:

Tranche No.	Date	Vesting (%) of total time options
1	23 February 2018	20%
2	23 June 2018	20%
3	23 June 2019	20%
4	23 June 2020	20%
5	23 June 2021	20%

*The Subsequent grants, if any*, of Time Options shall vest in the following manner

- i. 20% of the options granted shall vest on the first anniversary from the grant date;
- ii. Next 20% of the options granted shall vest on the second anniversary from the grant date;
- iii. Next 20% of the options granted shall vest on the third anniversary from the grant date;
- iv. Next 20% of the options granted shall vest on the fourth anniversary from the grant date;
- v. Balance 20% of the options granted shall vest on the fifth anniversary from the grant date;

#### (B) Performance Options

*The First Grants* of Performance Options shall vest as per the below dates subject to individual performance rating (subject to a maximum of 20% on each date).

Tranche No.	Date	Vesting (%) of total time options
1	23 February 2018	0 - 20%
2	23 June 2018	0 - 20%
3	23 June 2019	0 - 20%
4	23 June 2020	0 - 20%
5	23 June 2021	0 - 20%

*The Subsequent Grants* of performance Options shall vest annually starting from the first anniversary of the Grant Date, subject to individual performance rating (subject to a maximum of 20% on each anniversary)

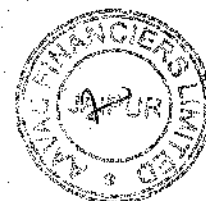


The above vesting will be based on the individual performance rating as indicated below

Individual Performance Rating*	Vesting per Year (%) of performance options
Rating 5	20%
Rating 4	15%
Rating 3	10%
Rating 2	0%
Rating 1	0%

\* The performance criteria may be revised at the end of each year as decided by the Nomination & Remuneration Committee in consultation with the management of the company

- 6.2 Notwithstanding anything mentioned in the Plan and subject to Section 8.3 below, Shares with respect to which an Option is granted under the Plan, that remain unexercised at the expiration, or which are not vested in case of individual performance rating is in the range of 1-4, or which have lapsed (including those having lapsed by way of forfeiture as mentioned above) or cancelled shall be added back to the number of Options that are pending to be granted. The Company may Grant such Options within the overall limit determined in accordance with the Plan.
- 6.3 Subject to Section 6.5 and Section 8 below, the Unvested Options shall vest with the Employee in accordance with the ESOP 2016-I.
- 6.4 Upon vesting, the Vested Options shall be exercisable in accordance with the terms and conditions set forth under the ESOP 2016-I.
- 6.5 Notwithstanding anything mentioned in the Plan and subject to Section 8.3 below, Options which are not vested shall automatically lapse without surviving rights/ liabilities for any party.
- 6.6 Subject to the SEBI Regulations, and unless the Nomination & Remuneration Committee decides otherwise, no Options shall vest in an Employee, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Nomination & Remuneration Committee/ Company in this regard shall be final and conclusive and cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Section shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee or Director of the Company and shall not apply to the Nominee of the Employee.
- 6.7 Neither the Employee nor any person entitled to exercise Employee's rights in the event of death of the Employee shall be entitled to claim or receive any dividend and right to vote, or in any manner enjoy the benefits as a shareholder of the Company in respect of the Options granted/ vested, till such time as the Shares are transferred pursuant to a valid Exercise of the Options in favor of such Employee or such person.



## SECTION 7 EXERCISE OF OPTIONS

- 7.1 Subject to Section 8.3 below, the Employees may Exercise the Options that have vested in them at any time during the Exercise Period by paying the Exercise Price of INR 215.25 per share. The Exercise Price for any subsequent grants made under this plan shall be the market price of the shares as on the grant date.
- 7.2 For such Exercise, an Employee shall serve a notice in the form prescribed in **Schedule 1** (the "Exercise Notice") to the Company stating the number of the Options the Employee wishes to Exercise and whether such Employee is desirous of undertaking a Cashless Exercise or a Share Exercise.
- 7.3 Upon the receipt of the Exercise Notice:
- (a) Where the Employee opts for a Share Exercise, subject to the tender by the Employee of the Exercise Price and any applicable taxes to the Company/ Trust, the Company/ Trust shall transfer the Underlying Shares to the Employee. The Company shall record such transfer and enter the name of the Employee as a Shareholder in relation to such Underlying Shares upon such Exercise;
  - (b) where the Employee opts for a Cashless Exercise, the Nomination and Remuneration Committee/ Company shall make suitable arrangements for appropriate funding through the Trust. The detailed procedure for Cashless Exercise shall be notified by the Nomination & Remuneration Committee from time to time, as may be applicable.
- 7.4 The Employee shall bear all taxes on any Exercise of Options.
- 7.5 Notwithstanding anything contained herein or elsewhere in this Plan, it is hereby clarified that the Company is under no obligation to either buy the Shares or pay any compensation to any Employee under this Section as a result of the inability or unwillingness of the Employee to acquire any Shares, whether due to lack of funds, any restriction under law or otherwise.
- 7.6 Notwithstanding anything contained elsewhere in the Plan, the Nomination & Remuneration Committee and/or the Board may, if the Exercise of Options within the Exercise Period, is prevented by Applicable Law, defer or refuse to permit the Exercise of Options till such time as it is prohibited by the Applicable Law 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. Provided further, that the Board shall have the power and is hereby authorized to cancel all or any of the Options granted under the Plan if so required under any Applicable Law.
- 7.7 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the following methods:
- i) Cheque or demand draft issued in the name of the Company/ Trust; or
  - ii) Remittance directly from the Employee's bank to the bank account of the Company/ Trust (wire transfer); or
  - iii) Any combination of such methods of payment or any other method acceptable to the Nomination & Remuneration Committee at its sole discretion.



## SECTION 8 TERMINATION OF EMPLOYMENT

### 8.1 Termination by the Company

In the event that the Company terminates an Employee's employment:

- (a) For Cause, all Options, whether Vested or not, shall lapse.
- (b) Without Cause, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable within 90 days from the date of termination of employment and the contract referred to in Section 11.19 below shall automatically be terminated without surviving rights/ liabilities for any party.

### 8.2 Resignation by the Employee

On resignation by the Employee, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable in accordance with the terms hereof provided however that the Employee shall be required to Exercise all his/her Vested Option within ninety (90) days of the date of his/her resignation.

### 8.3 Death or Disability

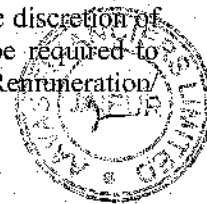
On death or Disability, all Options that are lying unvested in such Employee shall vest immediately in the nominee or legal heir or Employee on the date of termination of employment. All Vested Options shall be exercisable by such nominee or legal heir or Employee within a period of 12 months from the date of vesting or before the expiry of exercise period unless the Nomination & Remuneration Committee decides otherwise. Any vested options not exercised within the aforesaid period shall automatically lapse after the end of aforesaid period.

### 8.4 Retirement

On Retirement, all Performance Options that are lying unvested in such Employee shall lapse and all Time options that are lying unvested in the employee shall vest immediately. The Vested Options shall be exercisable within 90 days from the date of retirement and the contract referred to in Section 11.19 below shall automatically be terminated without surviving rights/ liabilities for any party.

### 8.5 Appointment of Nominee

The Employee shall appoint any person as his/her nominee(s) for the purpose of exercising the rights, subject to the obligations, in terms of the Plan at the time of Grant. The Employee has the right to revoke such nomination at any time and a fresh nomination may be made on such revocation. Notwithstanding contained herein, the nominee(s) specified as aforesaid shall alone be entitled to exercise the rights of the Employee concerned and the Company shall not be liable in relation to any rights and obligations amongst the legal heirs *inter se* of the Employee concerned. In the absence of nomination or in the event of death of the nominee(s) before exercising the options under the Plan, the legal heirs of the Employee shall have the right to Exercise the Options as Vested on the Employee on his death. The determination of who are the legal heirs and/or nominees, as the case may be, of the deceased Employee shall be solely and exclusively at the discretion of the Nomination & Remuneration Committee. Legal heir(s) / successor(s) shall be required to produce all such documents / indemnities as may be required by the Nomination & Remuneration Company to prove the succession of the estate of the deceased Employee.



## SECTION 9 CHANGE IN CAPITAL STRUCTURE

- 9.1 Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Nomination & Remuneration Committee, at its discretion as to number (vested as well as unvested) and price of Options or Shares, as the case may be, in the event of Change in Capital Structure.
- 9.2 The existence of the Plan and the Grants made hereunder shall not in any way affect the right or the power of the Board or the Shareholders or the Company to make, undertake 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.
- 9.3 If there is a Change in the Capital Structure of the Company before any Options Granted under this Plan are Exercised, the number of Shares to which the Employee shall be entitled and rights under such unexercised Options shall be adjusted in the following manner:
- (a) The number of Shares to which the Employee shall be entitled shall be calculated, at the time of the Exercise of the same, as if these unexercised Options are being vested in him/her before such Change in the Capital Structure of the Company. It is hereby clarified that the number of Shares, with respect to which the Options may be Exercised after a Change in the Capital Structure of the Company 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;
  - (b) In case the provisions of Applicable Law restrict/prohibit the issue of Shares at a discount to its par value, the Exercise Price shall not be less than the amount as prescribed under such law.
  - (c) The rights under these Options not Exercised by him/her shall stand correspondingly adjusted.



**SECTION 10**  
**AMENDMENT AND TERMINATION OF THE ESOP 2016-I**

- 10.1 The Board of Directors in its absolute discretion may from time to time amend, alter or terminate the Plan or any Grant or the terms and conditions thereof. Provided that no amendment, alteration or termination in any Grant previously made may be carried out, if it is detrimental to the interests of the Employee without the consent of the concerned Employee. Provided further, that the Board may not, without the approval of the Shareholders, amend the Plan:
- (a) To increase the aggregate number of Shares which may be issued pursuant to the provisions of the Plan on Exercise or surrender of Options or upon Grant;
  - (b) To extend the maximum period during which Grants may be made under the Plan;
  - (c) To reduce the Vesting Period or to amend the vesting conditions;
  - (d) To reduce the Exercise Price
  - (e) To extend the Exercise Period.
- 10.2 Notwithstanding anything to the contrary contained above, the Board may, without any reference to or consent of the Employee concerned, amend the Plan or Grant to comply with the provisions of Applicable Law





## SECTION 11 OTHER TERMS AND CONDITIONS

### Notices and correspondence

- 11.1 Any notice required to be given by an Employee/ Nominee to the Company/ the Nomination & Remuneration Committee or any correspondence to be made between an Employee/ Nominee and the Company/ the Nomination & Remuneration Committee may be given or made to the Company/ the Nomination & Remuneration Committee at the registered office/corporate office of the Company or at a place as may be notified by the Company/ the Nomination & Remuneration Committee in writing.
- 11.2 Any notice, required to be given by the Company/ the Nomination & Remuneration Committee to an Employee/ Nominee or any correspondence to be made between the Company/ the Nomination & Remuneration Committee and an Employee/ Nominee shall be given or made by the Company/ the Nomination & Remuneration Committee on behalf of the Company at the address provided by the Employee in his Acceptance Form or Nomination Form.

### Lock-in

- 11.3 The Shares issued pursuant to Exercise of Options shall be subject to Lock-in Period of four (4) years from the date of Grant of Options or till the date on which the Shares of Company get listed on any Recognized Stock exchange, whichever is earlier, unless the Nomination and Remuneration Committee decides otherwise.
- 11.4 If the Employee ceases to be an Employee of the Company for any reason whatsoever prior to the completion of the Lock-in Period, the Trust shall have a right to buy back the Shares from the Employee at the market price. In case of any Divestment/ Change in Control/ Corporate Action, the Company/ Nomination & Remuneration Committee shall have the right to lift the lock in restrictions stipulated above.

### Confidentiality

- 11.5 The Employee shall ensure that there is no violation of any regulations relating to insider trading as may be applicable, including the SEBI (Prohibition of Insider Trading Regulations), 2015 and the prevention of any fraudulent or unfair trade practices related to the securities market. The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, Grant, the Allotment Letter or any connected matter. Any violation may result in cancellation of Grant or compulsory retransfer of Shares to a nominee as the Nomination & Remuneration Committee may deem fit without prejudice to the other action which may be taken in this regard.

### Non Transferability of options

- 11.6 Subject to Section 8.3 above, the Options granted herein, are personal to the Employee. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold or otherwise transferred or encumbered by the Employee/ Nominee otherwise than by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.



### Transferability of shares

- 11.7 No Employee shall, before the listing of the Shares of the Company on any Indian Recognized Stock Exchanges, transfer any or all of his Shares to any person except the parties designated by the Board/ Nomination & Remuneration Committee (including but not limited to investor, company, Trust or any other designated party) without obtaining prior written consent of the Nomination & Remuneration Committee.

### Corporate Actions

- 11.8 Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan. No Employee, beneficiary or other Person shall have any claim against the Company as a result of such action.
- 11.9 In case of Corporate Action, the Board shall ensure while taking into consideration the global best practices in this area including the procedures followed by the derivative markets in India and abroad, that the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employees. The decision of the Board on whether such action is necessary and the extent of such action by the Board shall be final and binding. If a change of control shall occur, the Board may make such adjustments at its discretion as are necessary or appropriate in light of the change of control (including, without limitation, the substitution of stock other than stock of the Company as the stock optioned hereunder, and the acceleration of the exercisability of the Options), provided that the Board determines that such adjustments do not have a substantial adverse economic impact on the Employee as determined at the time of the adjustments.

### Arbitration

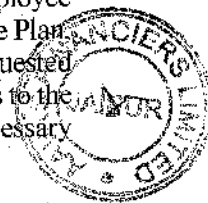
- 11.10 All disputes arising out of or in connection with this Plan or the Allotment Letter shall be exclusively and irrevocably referred to for arbitration to a sole arbitrator to be appointed by the Company. The arbitration proceedings will be governed by the provisions of the Arbitration and Conciliation Act, 1996 and will be held at Jaipur. The proceedings of arbitration will be in English language. The arbitrators' award will be binding on the parties subject to the Applicable Law, and the award will be enforceable in any competent court of law.

### Tenure

- 11.11 This Plan shall continue in effect unless terminated by the Company/ the Committee. Any such termination of this Plan shall not affect Options/ Shares already granted and such Options/ Shares shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Employee and the Nomination & Remuneration Committee/ the Company.

### Regulatory approvals

- 11.12 The implementation of the Plan, the Grant of any Option as per terms of the Plan and the issuance of any Shares under the Plan shall be subject to the procurement by the Company and the Employee of all approvals and permits required by any regulatory authorities having jurisdiction over the Plan, the Options and the Shares issued pursuant thereto. The Employee under this Plan will, if requested by the Nomination & Remuneration Committee, provide such assurances and representations to the Company or the Nomination & Remuneration Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.



- 11.13 The Board shall make all the relevant disclosures in the Director's Report in relation to the Plan as are required under the SEBI Regulations and other Applicable Laws.
- 11.14 The Company shall follow and confirm to applicable accounting policies issued by the Institute of Chartered Accountants of India from time to time and/or accounting policies as per the SEBI Regulations.

#### Tag

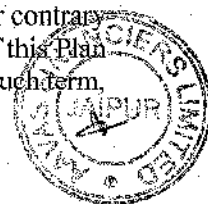
- 11.15 Subject to Section 11.6 and provisions of the Companies Act, 1956/ Companies Act, 2013 and other Applicable laws, in the event of Divestment/ Corporate Action, at any time until the occurrence of qualified IPO, the Board proposes to sell the Shares of the Company to any person, any Participant/ Beneficiary, at his own discretion, has the right to pro-rata offer his Shares acquired pursuant to Exercise of Options, to the acquirer or other entity as the case may be, as part of the said Divestment/ Corporate Action at the same price at which the Divestment/ Corporate Action takes place.
- 11.16 The Board shall give each Participant/ Beneficiary, a written notice containing the name of the proposed acquirer or other entity as the case may be, the total number of Shares proposed to be sold to the acquirer or other entity as the case may be, the price and the other terms and conditions of the proposed sale, if any ("Tag Along Notice"). After receipt of the Tag Along Notice, each Participant/ Beneficiary shall, at their own discretion, may transfer the number of Shares at the price and as per the terms mentioned in the Tag Along Notice.

#### Drag

- 11.17 Subject to Section 11.6, in the event of Divestment/ Corporate Action until the occurrence of qualified IPO, the Board, acting in its absolute discretion with or without the consent or approval of the Participant/ Beneficiary, as it may deem fit, shall in respect of the Shares already acquired by the Participant/Beneficiary have a right but not an obligation to require the Participant/ Beneficiary to sell/ transfer all or part of the Shares to the acquirer or other entity as the case may be, subject to the provisions of the Companies Act, 1956/ Companies Act, 2013 and other Applicable Laws, at the same price at which the Divestment/ Corporate Action takes place.
- 11.18 The Board shall give each Participant/ Beneficiary a written notice ("The Drag Along Notice") specifying details of the offer given by the acquirer or other entity as the case may be regarding the number of Shares which the Board proposes to transfer to the acquirer or other entity as the case may be. The terms and conditions of sale and the price offered by the acquirer or other entity as the case may be and terms and conditions shall be the same as those offered to the Board. The Drag Along Notice shall also specify the number of Shares the Board is obliged to transfer to the acquirer or other entity as the case may be. After receipt of the Drag Along Notice, each Participant/ Beneficiary shall, as and when called up on by the Board, transfer the number of Shares at the price and as per the terms mentioned in the Drag Along Notice.

#### Severability

- 11.19 In the event that any term, condition or provision of this Plan is 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 Plan and shall be of no force and effect and this Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.



**Other miscellaneous provisions**

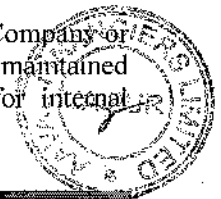
- 11.20 The acceptance in accordance with the terms of the grant letter and the ESOP 2016-I, of a Grant made to an employee, shall conclude a contract between the employee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.
- 11.21 Nothing herein is intended to or shall give any Employee any right or status of any kind as a Shareholder by the ESOP 2016-I unless the Employee converts the Options into Equity Shares.
- 11.22 No Person other than the Employee to whom the Options are granted shall be entitled to Exercise the Options except in the event of the death or Disability of the Employee. The Employee shall be required to provide the details of the nominee(s) at the time of Grant.
- 11.23 The rights granted to an Employee under the ESOP 2016-I shall not afford the Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 11.24 The Grant or Vesting of Options pursuant to this ESOP 2016-I do not constitute an express or implied promise of continued employment of any Employee for any period at all, and shall not interfere with the Company's right to suspend, retrench, discipline or terminate the Employee's relationship as an Employee at any time with or without Cause.
- 11.25 The Employee shall have no rights as a Shareholder until the name of the Employee has been entered in the register of members of Aavas Financiers as the holder of the Shares provided hereunder to such Employee. The new Shares to be issued and allotted by Aavas Financiers in the manner aforesaid shall rank *pari passu* in all respects with the then existing Shares.
- 11.26 Nothing contained in the Plan shall be construed to prevent the Company directly or through any trust settled by the Company, from implementing any other new employee ownership plan 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 or any Grant made under the Plan. No Employee or other Person shall have any claim against the Company and/or trust as a result of such action.
- 11.27 Any transfer of Shares from the Company to the Employee in question shall only take place during the exercise window of April 1<sup>st</sup> to May 31<sup>st</sup> (for Exercise Notice received from 16th Feb to 15th May), from July 1<sup>st</sup> to Aug 31<sup>st</sup> (for Exercise Notice received from 16th May to 15th Aug), from Oct 1<sup>st</sup> to Nov 30<sup>th</sup> (for Exercise Notice received from 16th Aug to 15th Nov), and from January 1st to February 28<sup>th</sup> every year (for Exercise Notice received from 16th Nov to 15th Feb). It is clarified that the time-periods set out in this Section for transfer of Shares to the Employee are indicative in nature and the Company shall not be liable in case the said time-periods are not met, with regard to any particular transfer of Shares.
- 11.28 It is the Company's/ Nomination & Remuneration Committee's/Trust's obligation to convey to the Participant/ Nominee that the Shares shall be subject to set-off or counterclaim of amounts owed by the Participant/ Nominee to the Company's/ Nomination & Remuneration Committee's / Trust's, to the extent permitted under Applicable Laws.



**11.29 Covenants of the Grantee**

The Grantee confirms that:-

- i) the Grantee shall not engage himself / herself in activities that have or will have an adverse impact on the reputation of the Company or its subsidiaries or holding company.
- ii) while during employment with the Company or its subsidiaries or holding or Affiliate company, the Grantee shall engage exclusively in the work assigned by the Company or its subsidiaries or holding company, respectively, and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise), and whether directly or indirectly.
- iii) the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company or its subsidiaries or holding company.
- iv) in consideration of the Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
- v) the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company or its subsidiaries or holding company) or as may be required by the Company or its subsidiaries or holding company.
- vi) the Grantee understands that the Grant of the Option is limited only to the Shares of the Company, and the Grantee shall have no recourse to the shares of any other company of the Company, in any manner whatsoever.
- vii) the Grantee understands that "Confidential Information" means any or all information about the Company or its subsidiaries or holding company that satisfies one or more of the following conditions:
  - a. such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company or its subsidiaries or holding company; or
  - b. such information which is critical, in the Company's opinion, to the Company's current or anticipated business or research and development activities or those of a customer or supplier or associate or channel partner of the Company or its subsidiaries or holding company and the disclosure of the same would affect their competitiveness; or
  - c. such information which either has been identified as confidential by the Company or its subsidiaries or holding company (either orally or in writing) or has been maintained as confidential from outside parties and is recognized as intended for internal disclosures only; or



- d. such information which either is of a nature that it gives a distinct edge to the Company or its subsidiaries or holding company over competition when not shared with the competition, or is likely to give any advantage to the competition or any other organization / person / group of persons when shared with the organization / person / group of persons; or
- e. such information which is required to be kept confidential by any requirement of law.

- 11.30 No right to a Grant: Neither the adoption of the Plan, nor any action of the Company/ Board/ Nomination & Remuneration Committee/Trust shall be deemed to give an Employee any right to be granted an Option to acquire Shares or to any other rights hereunder except as may be evidenced by a Grant Letter, and only to the extent of and on the terms and conditions expressly set forth therein, or in the Plan as the case may be.
- 11.31 No employment rights conferred: Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his employment at any time.
- 11.32 Transfer or Deputation: Subject to Section 8 above, in the event that a Participant who has been Granted Options under this Plan is transferred or deputed to any Holding Company or Subsidiary Company as defined under the Companies Act, 2013 prior to Vesting or Exercise, the Vesting and/or Exercise as per the terms of Grant shall continue in case of such transferred or deputed Participant even after the transfer or deputation.
- 11.33 Adherence to Applicable Laws: The Participant/ Nominee shall comply with all Applicable Laws.
- 11.34 This Plan shall not confer on any person any legal or equitable rights against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee directly or indirectly or give rise to any cause of action at law or in equity against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee.
- 11.35 The Company shall bear the costs of establishing and administering this Plan, 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.
- 11.36 The Participant shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003, to the extent applicable, as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Participant from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested Options as well as subject the Participant to disciplinary action at the discretion of the Company.
- 11.37 The acceptance of the Grant is entirely voluntary and the Company or the Board/ Committee does not guarantee any return on Shares or Options.



- 11.38 This Plan 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.
- 11.39 Inability to obtain authority: The inability of the Company/Board/ Nomination & Remuneration Committee /Trust to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any shares hereunder shall relieve and wholly discharge the Company/Board/ Nomination & Remuneration Committee /Trust of any and all liability in respect of the failure to issue or sell such shares.



**SECTION 12**  
**TAX IMPLICATIONS AND DEDUCTION OF TAX**

- 12.1 The Employees have been informed that there may be tax consequences as a result of purchase or disposition of the Shares pursuant to this ESOP 2016-I. The Employees shall seek independent tax advice and shall not rely upon the Company for any tax advice.
- 12.2 Each Employee shall be solely responsible for any tax or duties or any other levies as may be imposed by the prevailing Applicable Laws on the Options from time to time. In the event of any levy in the form of tax on Stock Options as perquisites or in any other form being imposed on the Company/ Employees in relation to the Options granted under the ESOP 2016-I, the Employees shall be liable for the same.
- 12.3 The Company/the Trustee shall have the right to deduct/recover from the Employee, in connection with all Grants, any taxes required by law to be deducted at source/paid and to require any payments necessary to enable it to satisfy such obligations. In case of cashless exercise, the Employees will authorize the Company/ Trustee in the format prescribed by the Nomination & Remuneration Committee to discharge the obligation in the respect of tax deduction at source/ recovery of tax paid and appropriate the proceeds thereof on behalf of the Employee.





## SECTION 13

### GOVERNING LAW & JURISDICTION

- 13.1 The terms and conditions of the ESOP 2016-I shall be governed by and construed in accordance with the laws of India and subject to the provisions of Section 11.9 above, to the exclusive jurisdiction of Courts in Jaipur, Rajasthan.
- 13.2 The Employee agrees and acknowledges that the Employee has received and read a copy of the Plan. The Options are subject to the Plan. Any term of the Plan that is contrary to the requirement of the SEBI Regulations or any other Applicable Law, including but not limited to the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder shall not apply to the extent it is contrary.
- 13.3 In order to comply with regulation of any other country or to avail any tax or other benefits, Nomination & Remuneration Committee or Board may at its sole discretion formulate an addendum to this Plan for Employees employed in that country and made applicable to such Employees from the date determined by the Nomination & Remuneration Committee/ Board.

Adopted by the Board on 25<sup>th</sup> Jan, 2017

Approved by the Shareholders on 23<sup>rd</sup> Feb, 2017

**Amended by Shareholders on 22<sup>nd</sup> Feb, 2018**

For AAVAS FINANCIERS LIMITED

  
Company Secretary





(On the letterhead of Aavas Financiers Limited)

**Aavas Financiers Limited**  
(Formerly known as Au Housing Finance Limited)

**Equity Stock Option Plan For Employees 2016**  
**Grant letter and Acceptance form**

Date: \_\_\_\_\_

To

Name of the Participant \_\_\_\_\_

Designation \_\_\_\_\_

Employee Code \_\_\_\_\_

Address \_\_\_\_\_

We are pleased to inform you that you have been selected by the Nomination & Remuneration Committee of Aavas Financiers Limited ("Company") to participate in the Equity Stock Option Plan For Employees 2016 (the "Plan" or the "ESOP 2016-I"), based on the recommendation made by the Company. Pursuant to the Plan, which is an integral part of this letter, an Option granted to you entitles you to subscribe for one Share of the Company upon its Vesting. A copy of the Plan, specifying the terms and conditions applicable to the grant of Options hereunder, has been enclosed as Exhibit I.

You, under the **ESOP 2016-I**, have been granted ~~please insert number~~ (in numbers as well as in words) Options for the Exercise Price specified in Clause ~~please insert clause number~~ of the Plan as the case may be. A copy of the Plan specifying the terms and conditions applicable to the Options being granted hereunder, has been enclosed as Exhibit I.

Further details of the option granted & Vesting Conditions are provided below:

**1. Particulars of Options**

Grant date: \_\_\_\_\_

Closing date (not more than 30 days from the Grant date) \_\_\_\_\_

Number of options granted \_\_\_\_\_

Exercise price \_\_\_\_\_

**2. Vesting Conditions**

- \_\_\_\_\_ Stock Options (fifty percent (50%) of total Options granted) shall vest twenty percent (20%) per year starting first anniversary of the Grant Date
- \_\_\_\_\_ Stock Options (fifty percent (50%) of total Options granted) shall vest twenty percent (20%) per year starting first anniversary of the Grant Date subject to individual performance rating as indicated below:

Individual Performance Rating	Vesting per Year%
Rating 5	20%
Rating 4	15%
Rating 3	10%
Rating 2	0%
Rating 1	0%



This offer is being made to you on following terms and conditions:

1. The Grant date for the above Options is ~~please insert date~~. The Grant is made to you personally and can be accepted only by you, on or before the Closing date i.e. ~~please insert date~~.
2. By your acceptance, you agree to be bound by the provisions of the Plan.
3. The offer may be accepted by you by completing the Acceptance form (provided below) and delivery of the same to the Company on or before the Closing date stated above.
4. Any failure to return the duly completed Acceptance form on or before the Closing date shall, unless, the Nomination and Remuneration Committee determine otherwise, be deemed to be a rejection of the offer by you and any acceptance received after the Closing date shall not be valid.
5. On delivery of the duly completed Acceptance form, a Grantee shall be deemed to have irrevocably 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 the Plan.

The Company's growth journey has just begun and the Company strongly believe in its future plans. We hope that you do so too and would do your best to achieve them. It is, after all, a joint effort and is needed to done as a team. We hope and believe that the value of these Options will also continue to grow as you create value for the Company in the years to come. Please however note that there is a risk for price movement of the Shares once the Options are Exercised and you will not be entitled to claim any losses thereto from any Person whatsoever. The terms of your Grant, Vesting and Exercise will be governed by the **ESOP 2016-I**, a copy of which is enclosed with this letter.

Please sign the below letter as a token of your acceptance of the Grant. By accepting the terms hereof, you agree that the Option is granted and governed by the terms and conditions of the **ESOP 2016-I** and this letter, including the terms contained in the schedule hereto. You acknowledge, agree and confirm that you have reviewed the **ESOP 2016-I** and this letter in their entirety, have had an opportunity to obtain the advice of counsel prior to accepting this letter and fully understand all provisions of the **ESOP 2016-I** and this letter. You agree to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions relating to the **ESOP 2016-I** and this letter.

You acknowledge that the information regarding your Option entitlements as contained herein is strictly confidential and that you are expected not to reveal / share this information with any of your peers, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case you are found to be in breach of this confidentiality obligation, the Company has undisputed right to terminate your entitlement to the Grant and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this confidentiality obligation will be final and cannot be questioned by you.

Once again, we are happy that you are a part of the Aavas Financiers family and sincerely hope we continue to share this relationship for many more years to come.

\_\_\_\_\_  
For Aavas Financiers Limited  
(Authorised Signatory of the Committee)



### Acceptance form

I accept the above offer to participate in the **ESOP 2016-I**. Further, I declare and accept that:

1. I have been provided with a copy of the Plan and I have read and understood the provisions of the **ESOP 2016-I** and disclosures in the disclosure documents in its entirety. I agree to abide by the terms and conditions set out in the **ESOP 2016-I**
2. The Grant of Options is of an occasional and extra-ordinary nature and constitutes a gratuitous and discretionary act by the Company. Consequently, no benefit derived from the Options granted under the **ESOP 2016-I**, or any further offer, forms or shall form a part of my normal, habitual or expected remuneration.
3. The Grant of Options under the **ESOP 2016-I** does not guarantee any entitlement to any future grant of Options under the **ESOP 2016-I**
4. I hereby accept that no Shares/sale proceeds therefrom, as the case may be, shall be issued/distributed to me or my Beneficiary, on Exercise of the Options under the **ESOP 2016-I** unless appropriate levies/ taxes /contributions/payments are recovered from me.
5. I will not carry on or engage directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever as per clause 5 of the **ESOP 2016-I**, whether for profit or otherwise any business which competes directly or indirectly with the whole or any part of the business of or any other business carried on by the Group or any activity related to the business carried on by the Group.

I hereby accept :

Insert the number (in words) Options granted under Equity Stock Option Plan for Employees 2016.

Date:

Signed by the Grantee:

In the presence of:

Address for communication:

(Kindly intimate us upon any change in this address)



**EQUITY STOCK OPTION PLAN FOR EMPLOYEES 2019**


**FOR**

**Aavas Financiers Limited**

  
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**AAVAS FINANCIERS LIMITED**  
**EQUITY STOCK OPTION PLAN FOR EMPLOYEES 2019**

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**SECTION 1**  
**TITLE AND COMMENCEMENT**

- 1.1. This employee stock option plan shall be called the Equity Stock Option Plan for Employees 2019 (the **Plan** or the **“ESOP 2019”**) and shall be applicable to certain employees of Aavas Financiers Limited (Formerly known as Au Housing Finance Limited), a company incorporated under the Companies Act, 1956 and having its Regd. and Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (**“Aavas Financiers”** or the **“Company”**) [and its subsidiaries] as are identified and approved by the board of directors of the Company (the **“Board”**) on 3<sup>rd</sup> May, 2019.
- 1.2. The approval of shareholders by way of special resolution passed on 1<sup>st</sup> Aug, 2019 has been obtained by the Company in order to grant Options to Employees of the Company and its subsidiaries.
- 1.3. The ESOP 2019 shall become effective from 1<sup>st</sup> Aug, 2019 (the **“Effective Date”**).

  
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## **SECTION 2 OBJECTIVE**

2.1. Aavas Financiers, a company incorporated under the Companies Act, 1956 and having its Regd. & Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020, has structured this Plan for its Employees and the Employees of its subsidiary companies, (as defined under the Companies Act, 2013). The purpose of this Plan is as under:

- a) Create corporate identity- Professionally driven company;
- b) Attain performance targets;
- c) Retention;
- d) To offer an opportunity of sharing the wealth created to those employees who have contributed to creation of wealth of shareholders;
- e) Aligning the objective of the individual with the shareholders interest & Company philosophy and
- f) Loyalty

This purpose is sought to be achieved through the Plan to acquire the Shares of the Company by its Employees.

2.2. Further, the Plan will be implemented, for and on behalf of and at the request of the Subsidiary Companies of Aavas Financiers, for the employees of the Subsidiary Companies. The purpose of this Plan is to retain and reward the employees of the Subsidiary Companies for high levels of individual performance and for unusual efforts to improve the financial performance of the respective Subsidiary Companies, which will ultimately contribute to the success of the Company. This purpose is sought to be achieved through the issue of options, for and on behalf of, and at the behest of the Subsidiary Companies to their employees.

  
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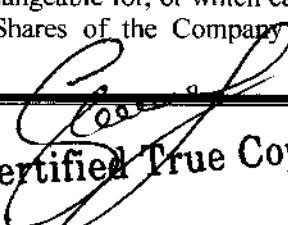
### SECTION 3 DEFINITIONS AND INTERPRETATION

#### 3.1. Definitions

In this Plan, the following expressions including their grammatical variations or cognate expressions shall, where the context so admits, have the following meaning:

<b>Acceptance Form</b>	means the form that the employee has to submit indicating his acceptance of the offer made to him to participate in the Plan;
<b>Applicable Laws</b>	means any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, approval, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administrative order having the force of law in India of any of the foregoing by, any Government Authority having jurisdiction over the matter in question.
<b>Board</b>	shall have the meaning ascribed to it in Section 1.1.
<b>Cashless Exercise</b>	means the Exercise of Options by an Employee according to the procedure for cashless exercise laid down by the Nomination & Remuneration Committee.
<b>Cause</b>	means (a) constant failure of the Employee in the opinion of Nomination & Remuneration Committee to achieve assigned performance targets and objectives, (other than any such failure resulting from retirement, death or Disability), or (b) the Employee engaging in willful, reckless or grossly negligent misconduct which is determined by the Nomination & Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise, or (c) the Employee's pleading guilty to or conviction of a offense involving imprisonment of more than one (1) year, or (d) fraud, moral turpitude, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company to any third party, or (e) employment of the Employee in any other organization, or (f) the Employee engaging, directly or indirectly, in any activity similar to or competing with the business or acquiring an interest in any entity (except to the extent 1% of the total paid up share capital of a public listed company) whose primary business is similar to or competing with the business, or rendering services to any entity or business similar to or competing with the business.
<b>Change in Control</b>	means any, direct or indirect, sale of Equity Securities whereby a third party acquirer (along with any affiliates) holds more than 50% of the Equity Securities of the Company;
<b>Companies Act</b>	means the Companies Act, 2013, including any statutory modifications or re-enactments thereof.

<b>Company</b>	shall have the meaning ascribed to it in Section 1.1.
<b>Corporate Action</b>	shall have meaning as understood under the SEBI Regulations. Corporate Action shall include Change in Capital structure such as (i) a scheme for merger, reconstitution, consolidation, dissolution, liquidation or reorganization, exchange of Shares, share swaps, sale of all or substantially all of the assets of the Company (ii) any stock dividend, stock split, reverse stock split, stock combination, rights issue, bonus issues or other changes in the capital structure of the Company or (iii) any other event which in the judgment of the Board necessitates action of making a fair and reasonable adjustment to the number of Options and/ or to the Exercise Price, such adjustment shall be made in a manner that the total value of the Options remains the same after the Corporate Action or (iv) any change in control or (v) any divestment of the shareholding of the company.
<b>Director</b>	means a director appointed to the board of a company.
<b>Disability</b>	means a total and permanent physical or mental incapacity of an Employee to perform his/her duties.
<b>Effective Date</b>	shall have the meaning ascribed to it in Section 1.2.
<b>Employees</b>	<p>means:</p> <ul style="list-style-type: none"><li>(a) a permanent employee, of the Company working in India or out of India; or</li><li>(b) director of the company, whether whole-time director or not but excluding an independent director; or</li><li>(c) an employee as defined in clause (a) or (b) of a subsidiary, in India or outside India, or of a Holding Company of the company, if any;</li></ul> <p>but does not include-</p> <ul style="list-style-type: none"><li>i. an employee who is a promoter or a person belonging to the promoter group, or</li><li>ii. a director, who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of the Company.</li></ul>
<b>Eligible Employees</b>	for the purpose of this Plan means the identified Employee(s) as per Section 4.2 below
<b>Equity Securities</b>	means the Equity Shares, preferred shares, bonds, loans, warrants, rights, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase Equity Shares of the Company or any instrument or



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certificate representing a beneficial ownership interest in the Equity Shares of the Company, including global depository receipts and American depository receipts and any other security issued by the Company, even if not convertible into Equity Shares, that derives its value and/or return based on the financial performance of the Company or its Equity Shares.

**ESOP 2019 or the Plan** shall have the meaning ascribed to it in Section 1.1

**Exercise** means making of an application by an employee to the company for issue of shares against vested options in pursuance of this Plan, accompanied by the Exercise Price payable for such Shares.

**Exercise Period** means a period of four 4 years from the date of each Vesting of Stock Options.

**Exercise Price** means the price, if any, payable by the employee for exercising the option in pursuance of the plan.

**Exercise Window** means the period during the year in which the Employees can Exercise their Stock Options.

**General meeting** means a General Meeting (including an Extraordinary General Meeting) of the Shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable Laws;

**Government Authority** means (a) central, state, city, municipal or local government, governmental authority or political subdivision thereof having jurisdiction; or (b) any agency or instrumentality of any of the authorities referred to in sub-clause (a); or (c) any regulatory or administrative authority, body or other organization having jurisdiction, to the extent that the rules, regulations, standards, requirements, procedures or orders of such authority, body or other organization have the force of the Applicable Law; or (d) any Court or tribunal having jurisdiction.

**Grant** means the process by which the company issues options under the plan

**Grant Date** means the date on which the Nomination & Remuneration Committee approves the Grant

**Grant Letter** means the letter under which the grant of options has been or will be made to an employee in the specified form.

**Grantee** shall mean an Eligible Employee having a right but not an obligation to exercise an option in pursuance of this Plan

**Group** means two or more companies which, directly or indirectly, are in a position to -

- (a) exercise 26% or more of the voting rights in the other company; or
- (b) appoint more than 50% of the members of the board of directors in

the other company; or  
(c) control the management or affairs of the other company.

<b>Holding Company</b>	means a Company defined under section 2(46) the Companies Act, 2013;
<b>Independent Director</b>	means the Independent Director as defined under SEBI (LODR) Regulations 2015.
<b>Lock-in Period</b>	means period in which there is restriction on sale of Underlying Shares issued to Employee pursuant to Exercise of Stock Options
<b>Market Price</b>	means the latest available closing price of the shares, on the stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.
<b>Nominee</b>	means the person or persons, trust or trusts designated by the Employee, or in the absence of any designation by the Employee, a person or persons who is/are entitled by the will or probate of the Employee to receive the benefits specified in the Plan, the legal heirs of the Employee, if the Employee dies intestate and includes the Employee's executors or administrator, if no other Beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof;
<b>Nomination &amp; Remuneration Committee</b>	the Nomination & Remuneration Committee shall be a committee of such members of the board of directors of the company as provided under section 178 of the Companies Act, 2013 as amended or modified from time to time.
<b>Option or Stock Option</b>	means the Option given to an Employee which gives him a right to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre-determined price. Subject to Section 9 of the Plan, each option will entitle the Employee to one Share of the Company.
<b>Participant</b>	means a Grantee who accepts the Grant from the Company/ Nomination & Remuneration Committee/ Trust to participate in this Plan pursuant to Section 5 below.
<b>Promoter</b>	means promoter as defined under the SEBI Regulations;
<b>Promoter Group</b>	means promoter group as defined under the SEBI Regulations;
<b>Relative</b>	means relative defined under the SEBI Regulations;
<b>Recognized Stock Exchange</b>	means recognized stock exchange as defined under Securities Contracts (Regulation) Act, 1956

<b>Retirement</b>	means retirement as per the rules of the company
<b>Resultant Share</b>	means the Equity Shares issued in lieu of shares of the Company on any Change in Capital Structure as mentioned in this Plan.
<b>SEBI Regulations</b>	means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.
<b>SEBI (LODR) Regulations 2015</b>	Means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time.
<b>Share Capital</b>	means the issued and paid up share capital of the Company consisting of 7,81,07,901 Equity Shares having face value of Rupees Ten (10) per share.
<b>Shares or Equity Shares</b>	means equity shares of the Company with a current face value of Indian Rupees Ten (10) per equity share.
<b>Share Pool</b>	means the total number of Stock Options as approved by the Shareholders in the general meeting pursuant to this Plan.
<b>Shareholders</b>	means registered shareholder of a share in the share capital of the company.
<b>Subsidiary Company</b>	means a Company defined under section 2(87) the Companies Act, 2013;
<b>Trust</b>	means a trust which may be established, under the provisions of Indian Trusts Act, 1882 including any statutory modification or re-enactment thereof, for implementing any of the Plans covered by these regulations.
<b>Trust Deed</b>	means the trust deed under which Aavas Financiers Limited has appointed the Trustees.
<b>Trustee</b>	means the trustee of the Trust appointed pursuant to the Trust Deed.
<b>Termination date</b>	means the date of termination of the employment of the employee with the group or the extended group, as the case may be.
<b>Unvested option</b>	Means an option which is not a vested option.
<b>Underlying Shares</b>	means the Shares underlying the Options on the basis of one Option entitling an Employee to one Share.
<b>Vesting</b>	means the process by which the employee becomes entitled to receive the benefit of a grant made under this plan.
<b>Vesting Date</b>	means the respective dates on and from which the option vests with the

employee and thereby becomes exercisable.

**Vesting Period** means the period during which the vesting of option granted under the plan takes place.

### 3.2. Interpretation

- (a) In this Plan (unless the context requires otherwise), any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to:
  - (i) that enactment as amended, extended or applied by or under any other enactment before, on or after the date of this Plan; and
  - (ii) any subordinate legislation (including regulations) made (before, on or after the date of this Plan) under that enactment, as re-enacted, amended, extended or applied as described in paragraph (i) above, or under any enactment referred to in paragraph (ii) above.
- (b) In this Plan, any reference to a contract, deed, indenture, constitutional document or other agreement includes references to that contract, deed, indenture, constitutional document or other agreement as amended, modified, supplemented, superseded or terminated, on or after the date thereof.
- (c) In this Plan, reference to including and include shall be construed to mean "including without limitation" and "include without limitation" respectively, unless otherwise specified.
- (d) In this Plan, references to a person shall be construed so as to include any individual, firm, company, unincorporated association of persons, government, state or agency of a state or any joint venture, association, partnership, or employee representative body (whether or not having separate legal personality).
- (e) In this Plan, references to INR or Indian Rupees are to the lawful currency from time to time of the Republic of India.
- (f) Where there is any inconsistency between the definitions set out in Section 3.1 and the definitions set out in any other Section or schedule, then for the purposes of construing such Section or schedule, the definitions set out in such Section or schedule shall prevail.
- (g) In this Plan:
  - (i) words importing the singular shall include the plural and vice versa; and
  - (ii) References to a person save as otherwise provided in this Plan or save as otherwise may be reasonably inferred shall include the successors or permitted assigns of that person (immediate or otherwise).
- (h) The headings in this Plan do not affect its interpretation and are for convenience only. Any schedule or annex to this Plan shall take effect as if set out in this Plan and references to this Plan shall include its schedules and annexure.

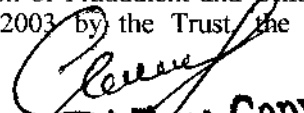
- (i) In this Plan, unless the contrary intention appears, a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item is a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item of this Plan.
- (j) For the purposes of any calculation under this Plan any fraction the will be rounded up or down to the nearest integer.
- (k) In this Plan, any references to "month" shall, unless a contrary intention appears, mean a continuous period of thirty (30) days from (and excluding) the date of the event where applicable, else a calendar month and "year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) months from (and excluding) the date of the event where applicable, else a continuous period of twelve (12) calendar months and "calendar year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) calendar months commencing on January 1<sup>st</sup> and ending on December 31<sup>st</sup>.

  
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**SECTION 4****AUTHORITY, CEILING AND ADMINISTRATION OF THE ESOP 2019**

- 4.1. The Shareholders in their general meeting held on 1<sup>st</sup> Aug, 2019 have approved the Grant of such number of Options being not more than the Share Pool of 3,00,000 (Three Lakh) shares, pursuant to the ESOP 2019, to the Employees and have granted the authority of designing, implementing and administering such Plan to the Nomination & Remuneration Committee in accordance with the provisions hereof as well as the Applicable Laws and under the general direction and supervision by the Board.
- 4.2 The eligibility to participate in the Plan is subject to such criteria as may be decided by the Nomination and Remuneration Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality or any other criteria, as the Nomination and Remuneration Committee determines.
- 4.3 The Nomination & Remuneration Committee shall have the following powers in relation to the ESOP 2019, subject to concurrence by the Board:
- (a) Laying down the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of Change in the Capital Structure;
  - (b) Providing for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave or whose services have been seconded to any other company;
  - (c) Laying down the procedure for cashless exercise, as may be applicable, by the employees upon vesting of shares
  - (d) Such other powers as may be necessary or expedient in connection of the implementation or administration of the Plan.
- 4.4 The Nomination & Remuneration Committee shall interpret the Plan and shall make all other determinations necessary or advisable for its administration. In respect of any issues arising in respect of administration and implementation of the Plan, the decision of the Nomination & Remuneration Committee shall be final and binding on all concerned. The Company/ the Board/ the Nomination & Remuneration Committee shall not be liable for any action or determination made in good faith with respect to the Plan or any Option granted there under.
- 4.5 The Nomination & Remuneration Committee may correct any defect, omission or reconcile any inconsistency in the Plan in the manner and to the extent the Nomination & Remuneration Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of the Plan and take any action which the Board is entitled to take.
- 4.6 The Nomination & Remuneration Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Trust, the Company and its Employees, as applicable.

  
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*[A large, faint, curved line, possibly a signature or a large 'X', spans across the middle of the page.]*

*[Handwritten signature]*  
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**SECTION 5**  
**GRANT OF OPTIONS and METHOD OF ACCEPTANCE**

- 5.1 The Nomination & Remuneration Committee may offer the Options to a Grantee in accordance with the terms and conditions of this Plan for the time being in force. The Committee will decide the number of Options to be granted to each Eligible Employee.
- 5.2 During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under SEBI Regulations) of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting.
- 5.3 Subject to the Share pool agreed in the general meeting, the Options may be granted in one or more tranches. Subject to Section 9, each Option will entitle the Participant to one Share of the Company.
- 5.4 The Grant of the Options by the Nomination & Remuneration Committee to the Grantee shall be made in writing and communicated to the Grantee by a Grant Letter. Such a Grant shall state the number of Options Granted, the Exercise Price and the Closing date of accepting the Grant as per the Plan.
- 5.5 The Closing Date of accepting the offer shall be as specified in the Grant Letter. In any event, the Closing Date shall not be more than 30 days from the Grant Date. An offer made under Section 5.1 above is personal to the Grantee and cannot be transferred in any manner whatsoever.
- 5.6 The method of acceptance of the Grant made pursuant to Section 5.1 above, shall be determined in accordance with the Plan. Upon receipt of a duly completed acceptance Form from the Grantee in respect of the Grant, the Grantee will become a Participant.
- 5.7 Subject to the terms contained herein, the acceptance in accordance with this Plan, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.

  
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## SECTION 6 VESTING SCHEDULE and CONDITIONS

- 6.1 The Options granted to an Employee, in terms of **Schedule 2**, shall vest in an Employee in the manner and subject to the vesting conditions (time and performance) mentioned below.

### Vesting Conditions and Schedule

50% of the total options granted to an employee shall be considered as Time options and balance 50% of the total options granted shall be considered as Performance options.

#### (A) Time Options

The Time Options shall vest in the following manner:

- i. 20% of the options granted shall vest on the first anniversary from the grant date;
- ii. Next 20% of the options granted shall vest on the second anniversary from the grant date;
- iii. Next 20% of the options granted shall vest on the third anniversary from the grant date;
- iv. Next 20% of the options granted shall vest on the fourth anniversary from the grant date;
- v. Balance 20% of the options granted shall vest on the fifth anniversary from the grant date;

#### (B) Performance Options

The Performance Options shall vest annually starting from the first anniversary of the Grant Date, subject to individual performance rating (subject to a maximum of 20% on each anniversary)

The above vesting will be based on the individual performance rating as indicated below

Individual Performance Rating*	Vesting per Year (%) of performance options
Rating 5	20%
Rating 4	15%
Rating 3	10%
Rating 2	0%
Rating 1	0%

\* The performance criteria may be revised at the end of each year as decided by the Nomination & Remuneration Committee in consultation with the management of the company.

- 6.2 Notwithstanding anything mentioned in the Plan and subject to Section 8.3 below, Shares with respect to which an Option is granted under the Plan, that remain unexercised at the expiration, or which are not vested in case of individual performance rating is in the range of 1-4, or which have lapsed (including those having lapsed by way of forfeiture as mentioned above) or cancelled shall be added back to the number of Options that are pending to be granted. The Company may Grant such Options within the overall limit determined in accordance with the Plan.
- 6.3 Subject to Section 8 below, the Unvested Options shall vest with the Employee in accordance with the ESOP 2019.

- 6.4 Upon vesting, the Vested Options shall be exercisable in accordance with the terms and conditions set forth under the ESOP 2019.
- 6.5 Notwithstanding anything mentioned in the Plan and subject to Section 8.3 below, Options which are not vested shall automatically lapse without surviving rights/ liabilities for any party.
- 6.6 Subject to the SEBI Regulations, and unless the Nomination & Remuneration Committee decides otherwise, no Options shall vest in an Employee, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Nomination & Remuneration Committee/ Company in this regard shall be final and conclusive and cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Section shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee or Director of the Company and shall not apply to the Nominee of the Employee.
- 6.7 Neither the Employee nor any person entitled to exercise Employee's rights in the event of death of the Employee shall be entitled to claim or receive any dividend and right to vote, or in any manner enjoy the benefits as a shareholder of the Company in respect of the Options granted/ vested, till such time as the Shares are transferred pursuant to a valid Exercise of the Options in favor of such Employee or such person.
- 6.8 Notwithstanding anything contained in point 6.1 to 6.7 above, there shall be a minimum period of one year between the grant of options and vesting of option.

  
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## SECTION 7 EXERCISE OF OPTIONS

- 7.1 Subject to Section 8.3 below, the Employees may Exercise the Options that have vested in them at any time during the Exercise Period by paying the Exercise Price. The Exercise Price for grants made under this plan shall be the Market Price of the shares as on the Grant date.
- 7.2 For such Exercise, an Employee shall serve a notice in the form prescribed in **Schedule 1** (the "**Exercise Notice**") to the Company stating the number of the Options the Employee wishes to Exercise and whether such Employee is desirous of undertaking a Cashless Exercise or a Share Exercise.
- 7.3 Upon the receipt of the Exercise Notice:
- (a) Where the Employee opts for a Share Exercise, subject to the tender by the Employee of the Exercise Price and any applicable taxes to the Company/ Trust, the Company/ Trust shall transfer the Underlying Shares to the Employee. The Company shall record such transfer and enter the name of the Employee as a Shareholder in relation to such Underlying Shares upon such Exercise;
  - (b) where the Employee opts for a Cashless Exercise, the Nomination and Remuneration Committee/ Company shall make suitable arrangements for appropriate funding through the Trust. The detailed procedure for Cashless Exercise shall be notified by the Nomination & Remuneration Committee from time to time, as may be applicable.
- 7.4 The Employee shall bear all taxes on any Exercise of Options.
- 7.5 Notwithstanding anything contained herein or elsewhere in this Plan, it is hereby clarified that the Company is under no obligation to either buy the Shares or pay any compensation to any Employee under this Section as a result of the inability or unwillingness of the Employee to acquire any Shares, whether due to lack of funds, any restriction under law or otherwise.
- 7.6 Notwithstanding anything contained elsewhere in the Plan, the Nomination & Remuneration Committee and/or the Board may, if the Exercise of Options within the Exercise Period, is prevented by Applicable Law, defer or refuse to permit the Exercise of Options till such time as it is prohibited by the Applicable Law 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. Provided further, that the Board shall have the power and is hereby authorized to cancel all or any of the Options granted under the Plan if so required under any Applicable Law.
- 7.7 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the following methods:
- i) Cheque or demand draft issued in the name of the Company/ Trust; or
  - ii) Remittance directly from the Employee's bank to the bank account of the Company/ Trust (wire transfer); or
  - iii) Any combination of such methods of payment or any other method acceptable to the Nomination & Remuneration Committee at its sole discretion.

## SECTION 8 TERMINATION OF EMPLOYMENT

### 8.1 Termination by the Company

In the event that the Company terminates an Employee's employment:

- (a) For Cause, all Options, whether Vested or not, shall lapse.
- (b) Without Cause, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable within 90 days from the date of termination of employment and the contract referred to in Section 11.14 below shall automatically be terminated without surviving rights/ liabilities for any party.

### 8.2 Resignation by the Employee

On resignation by the Employee, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable in accordance with the terms hereof provided however that the Employee shall be required to Exercise all his/her Vested Option within ninety (90) days of the date of his/her resignation.

### 8.3 Death or Disability

On death or Disability, all Options that are lying unvested in such Employee shall vest immediately in the nominee or legal heir or Employee on the date of termination of employment. All Vested Options shall be exercisable by such nominee or legal heir or Employee within a period of 12 months from the date of vesting or before the expiry of exercise period unless the Nomination & Remuneration Committee decides otherwise. Any vested options not exercised within the aforesaid period shall automatically lapse after the end of aforesaid period.

### 8.4 Retirement

On Retirement, all Performance Options that are lying unvested in such Employee shall lapse and all Time options that are lying unvested in the employee shall vest immediately. The Vested Options shall be exercisable within 90 days from the date of retirement and the contract referred to in Section 11.14 below shall automatically be terminated without surviving rights/ liabilities for any party.

### 8.5 Appointment of Nominee

The Employee shall appoint any person as his/her nominee(s) for the purpose of exercising the rights, subject to the obligations, in terms of the Plan at the time of Grant. The Employee has the right to revoke such nomination at any time and a fresh nomination may be made on such revocation. Notwithstanding contained herein, the nominee(s) specified as aforesaid shall alone be entitled to exercise the rights of the Employee concerned and the Company shall not be liable in relation to any rights and obligations amongst the legal heirs *inter se* of the Employee concerned. In the absence of nomination or in the event of death of the nominee(s) before exercising the options under the Plan, the legal heirs of the Employee shall have the right to Exercise the Options as Vested on the Employee on his death. The determination of who are the legal heirs and/or nominees, as the case may be, of the deceased Employee shall be solely and exclusively at the discretion of the Nomination & Remuneration Committee. Legal heir(s) / successor(s) shall be

required to produce all such documents / indemnities as may be required by the Nomination & Remuneration/ Company to prove the succession of the estate of the deceased Employee.

## **SECTION 9 CHANGE IN CAPITAL STRUCTURE**


- 9.1 Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Nomination & Remuneration Committee, at its discretion as to number (vested as well as unvested) and price of Options or Shares, as the case may be, in the event of Change in Capital Structure.
- 9.2 The existence of the Plan and the Grants made hereunder shall not in any way affect the right or the power of the Board or the Shareholders or the Company to make, undertake 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.
- 9.3 If there is a Change in the Capital Structure of the Company before any Options Granted under this Plan are Exercised, the number of Shares to which the Employee shall be entitled and rights under such unexercised Options shall be adjusted in the following manner:
- (a) The number of Shares to which the Employee shall be entitled shall be calculated, at the time of the Exercise of the same, as if these unexercised Options are being vested in him/her before such Change in the Capital Structure of the Company. It is hereby clarified that the number of Shares, with respect to which the Options may be Exercised after a Change in the Capital Structure of the Company 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;
  - (b) In case the provisions of Applicable Law restrict/prohibit the issue of Shares at a discount to its par value, the Exercise Price shall not be less than the amount as prescribed under such law.
  - (c) The rights under these Options not Exercised by him/her shall stand correspondingly adjusted.

  
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**SECTION 10  
AMENDMENT AND TERMINATION OF THE ESOP 2019**

- 10.1 The Board of Directors in its absolute discretion may from time to time amend, alter or terminate the Plan or any Grant or the terms and conditions thereof. Provided that no amendment, alteration or termination in any Grant previously made may be carried out, if it is detrimental to the interests of the Employee without the consent of the concerned Employee. Provided further, that the Board may not, without the approval of the Shareholders, amend the Plan:
- (a) To increase the aggregate number of Shares which may be issued pursuant to the provisions of the Plan on Exercise or surrender of Options or upon Grant;
  - (b) To extend the maximum period during which Grants may be made under the Plan;
  - (c) To reduce the Vesting Period or to amend the vesting conditions;
  - (d) To reduce the Exercise Price
  - (e) To extend the Exercise Period.
- 10.2 Notwithstanding anything to the contrary contained above, the Board may, without any reference to or consent of the Employee concerned, amend the Plan or Grant to comply with the provisions of Applicable Law.

  
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## **SECTION 11 OTHER TERMS AND CONDITIONS**

### **Notices and correspondence**

- 11.1 Any notice required to be given by an Employee/ Nominee to the Company/ the Nomination & Remuneration Committee or any correspondence to be made between an Employee/ Nominee and the Company/ the Nomination & Remuneration Committee may be given or made to the Company/ the Nomination & Remuneration Committee at the registered office/corporate office of the Company or at a place as may be notified by the Company/ the Nomination & Remuneration Committee in writing.
- 11.2 Any notice, required to be given by the Company/ the Nomination & Remuneration Committee to an Employee/ Nominee or any correspondence to be made between the Company/ the Nomination & Remuneration Committee and an Employee/ Nominee shall be given or made by the Company/ the Nomination & Remuneration Committee on behalf of the Company at the address provided by the Employee in his Acceptance Form or Nomination Form.

### **Lock-in**

- 11.3 The Shares allotted/ transferred pursuant to the Exercise of the Vested Options under Section 7 above shall not be subject to a lock-in unless the Nomination & Remuneration Committee decides otherwise.

### **Confidentiality**

- 11.4 The Employee shall ensure that there is no violation of any regulations relating to insider trading as may be applicable, including the SEBI (Prohibition of Insider Trading Regulations), 2015 (as amended from time to time) and the prevention of any fraudulent or unfair trade practices related to the securities market. The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, Grant, the Allotment Letter or any connected matter. Any violation may result in cancellation of Grant or compulsory retransfer of Shares to a nominee as the Nomination & Remuneration Committee may deem fit without prejudice to the other action which may be taken in this regard.

### **Non Transferability of options**

- 11.5 Subject to Section 8.3 above, the Options granted herein, are personal to the Employee. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold or otherwise transferred or encumbered by the Employee/ Nominee otherwise than by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

### **Corporate Actions**

- 11.6 Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan. No Employee, beneficiary or other Person shall have any claim against the Company as a result of such action.

- 11.7 In case of Corporate Action, the Board shall ensure while taking into consideration the global best practices in this area including the procedures followed by the derivative markets in India and abroad, that the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employees. The decision of the Board on whether such action is necessary and the extent of such action by the Board shall be final and binding. If a change of control shall occur, the Board may make such adjustments at its discretion as are necessary or appropriate in light of the change of control (including, without limitation, the substitution of stock other than stock of the Company as the stock optioned hereunder, and the acceleration of the exercisability of the Options), provided that the Board determines that such adjustments do not have a substantial adverse economic impact on the Employee as determined at the time of the adjustments.

#### **Arbitration**

- 11.8 All disputes arising out of or in connection with this Plan or the Allotment Letter shall be exclusively and irrevocably referred to for arbitration to a sole arbitrator to be appointed by the Company. The arbitration proceedings will be governed by the provisions of the Arbitration and Conciliation Act, 1996 and will be held at Jaipur. The proceedings of arbitration will be in English language. The arbitrators' award will be binding on the parties subject to the Applicable Law, and the award will be enforceable in any competent court of law.

#### **Tenure**

- 11.9 This Plan shall continue in effect unless terminated by the Company/ the Committee. Any such termination of this Plan shall not affect Options/ Shares already granted and such Options/ Shares shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Employee and the Nomination & Remuneration Committee/ the Company.

#### **Regulatory approvals**

- 11.10 The implementation of the Plan, the Grant of any Option as per terms of the Plan and the issuance of any Shares under the Plan shall be subject to the procurement by the Company and the Employee of all approvals and permits required by any regulatory authorities having jurisdiction over the Plan, the Options and the Shares issued pursuant thereto. The Employee under this Plan will, if requested by the Nomination & Remuneration Committee, provide such assurances and representations to the Company or the Nomination & Remuneration Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.
- 11.11 The Board shall make all the relevant disclosures in the Director's Report in relation to the Plan as are required under the SEBI Regulations and other Applicable Laws.
- 11.12 The Company shall follow and confirm to applicable accounting policies issued by the Institute of Chartered Accountants of India from time to time and/or accounting policies as per the SEBI Regulations.

#### **Severability**

- 11.13 In the event that any term, condition or provision of this Plan is 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 Plan and shall be of no force and effect and this Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

**Other miscellaneous provisions**

- 11.14 The acceptance in accordance with the terms of the grant letter and the ESOP 2019, of a Grant made to an employee, shall conclude a contract between the employee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.
- 11.15 Nothing herein is intended to or shall give any Employee any right or status of any kind as a Shareholder by the ESOP 2019 unless the Employee converts the Options into Equity Shares.
- 11.16 No Person other than the Employee to whom the Options are granted shall be entitled to Exercise the Options except in the event of the death or Disability of the Employee. The Employee shall be required to provide the details of the nominee(s) at the time of Grant.
- 11.17 The rights granted to an Employee under the ESOP 2019 shall not afford the Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 11.18 The Grant or Vesting of Options pursuant to this ESOP 2019 do not constitute an express or implied promise of continued employment of any Employee for any period at all, and shall not interfere with the Company's right to suspend, retrench, discipline or terminate the Employee's relationship as an Employee at any time with or without Cause.
- 11.19 The Employee shall have no rights as a Shareholder until the name of the Employee has been entered in the register of members of Aavas Financiers as the holder of the Shares provided hereunder to such Employee. The new Shares to be issued and allotted by Aavas Financiers in the manner aforesaid shall rank *pari passu* in all respects with the then existing Shares.
- 11.20 Nothing contained in the Plan shall be construed to prevent the Company directly or through any trust settled by the Company, from implementing any other new employee ownership plan 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 or any Grant made under the Plan. No Employee or other Person shall have any claim against the Company and/or trust as a result of such action.
- 11.21 Any issue/ transfer of Shares from the Company/ Trust to the Employee in question shall only take place during the exercise window of April 1<sup>st</sup> to May 31<sup>st</sup> (for Exercise Notice received from 16th Feb to 15th May), from July 1<sup>st</sup> to Aug 31<sup>st</sup> (for Exercise Notice received from 16th May to 15th Aug), from Oct 1<sup>st</sup> to Nov 30<sup>th</sup> (for Exercise Notice received from 16th Aug to 15th Nov), and from January 1st to February 28<sup>th</sup> every year (for Exercise Notice received from 16th Nov to 15th Feb). It is clarified that the time-periods set out in this Section for transfer of Shares to the Employee are indicative in nature and the Company shall not be liable in case the said time-periods are not met, with regard to any particular transfer of Shares.
- 11.22 It is the Company's/ Nomination & Remuneration Committee's/Trust's obligation to convey to the Participant/ Nominee that the Shares shall be subject to set-off or counterclaim of amounts owed by the Participant/ Nominee to the Company's/ Nomination & Remuneration Committee's / Trust's, to the extent permitted under Applicable Laws.

  
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### 11.23 Covenants of the Grantee

The Grantee confirms that:-

- i) the Grantee shall not engage himself / herself in activities that have or will have an adverse impact on the reputation of the Company or its subsidiaries or holding company.
- ii) while during employment with the Company or its subsidiaries or holding or Affiliate company, the Grantee shall engage exclusively in the work assigned by the Company or its subsidiaries or holding company, respectively, and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- iii) the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company or its subsidiaries or holding company.
- iv) in consideration of the Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
- v) the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company or its subsidiaries or holding company) or as may be required by the Company or its subsidiaries or holding company.
- vi) the Grantee understands that the Grant of the Option is limited only to the Shares of the Company, and the Grantee shall have no recourse to the shares of any other company of the Company, in any manner whatsoever.
- vii) the Grantee understands that "Confidential Information" means any or all information about the Company or its subsidiaries or holding company that satisfies one or more of the following conditions:
  - a. such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company or its subsidiaries or holding company; or
  - b. such information which is critical, in the Company's opinion, to the Company's current or anticipated business or research and development activities or those of a customer or supplier or associate or channel partner of the Company or its subsidiaries or holding company and the disclosure of the same would affect their competitiveness; or
  - c. such information which either has been identified as confidential by the Company or its subsidiaries or holding company (either orally or in writing) or has been maintained as confidential from outside parties and is recognized as intended for internal disclosures only; or

- d. such information which either is of a nature that it gives a distinct edge to the Company or its subsidiaries or holding company over competition when not shared with the competition, or is likely to give any advantage to the competition or any other organization / person / group of persons when shared with the organization / person / group of persons; or
  - e. such information which is required to be kept confidential by any requirement of law.
- 11.24 No right to a Grant: Neither the adoption of the Plan, nor any action of the Company/ Board/ Nomination & Remuneration Committee/Trust shall be deemed to give an Employee any right to be granted an Option to acquire Shares or to any other rights hereunder except as may be evidenced by a Grant Letter, and only to the extent of and on the terms and conditions expressly set forth therein, or in the Plan as the case may be.
- 11.25 No employment rights conferred: Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his employment at any time.
- 11.26 Transfer or Deputation: Subject to Section 8 above, in the event that a Participant who has been Granted Options under this Plan is transferred or deputed to any Holding Company or Subsidiary Company as defined under the Companies Act, 2013 prior to Vesting or Exercise, the Vesting and/or Exercise as per the terms of Grant shall continue in case of such transferred or deputed Participant even after the transfer or deputation.
- 11.27 Adherence to Applicable Laws: The Participant/ Nominee shall comply with all Applicable Laws.
- 11.28 This Plan shall not confer on any person any legal or equitable rights against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee directly or indirectly or give rise to any cause of action at law or in equity against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee.
- 11.29 The Company shall bear the costs of establishing and administering this Plan, 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.
- 11.30 The Participant shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003, to the extent applicable, as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Participant from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested Options as well as subject the Participant to disciplinary action at the discretion of the Company.
- 11.31 The acceptance of the Grant is entirely voluntary and the Company or the Board/ Committee does not guarantee any return on Shares or Options.

- 11.32 This Plan 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.
- 11.33 Inability to obtain authority: The inability of the Company/Board/ Nomination & Remuneration Committee /Trust to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any shares hereunder shall relieve and wholly discharge the Company/Board/ Nomination & Remuneration Committee /Trust of any and all liability in respect of the failure to issue or sell such shares.

  
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**SECTION 12**  
**TAX IMPLICATIONS AND DEDUCTION OF TAX**

- 12.1 The Employees have been informed that there may be tax consequences as a result of purchase or disposition of the Shares pursuant to this ESOP 2019. The Employees shall seek independent tax advice and shall not rely upon the Company for any tax advice.
- 12.2 Each Employee shall be solely responsible for any tax or duties or any other levies as may be imposed by the prevailing Applicable Laws on the Options from time to time. In the event of any levy in the form of tax on Stock Options as perquisites or in any other form being imposed on the Company/ Employees in relation to the Options granted under the ESOP 2019, the Employees shall be liable for the same.
- 12.3 The Company/the Trustee shall have the right to deduct/recover from the Employee, in connection with all Grants, any taxes required by law to be deducted at source/paid and to require any payments necessary to enable it to satisfy such obligations. In case of cashless exercise, the Employees will authorize the Company/ Trustee in the format prescribed by the Nomination & Remuneration Committee to discharge the obligation in the respect of tax deduction at source/ recovery of tax paid and appropriate the proceeds thereof on behalf of the Employee.

  
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## SECTION 13

### GOVERNING LAW & JURISDICTION

- 13.1 The terms and conditions of the ESOP 2019 shall be governed by and construed in accordance with the laws of India and subject to the provisions of Section 11.8 above, to the exclusive jurisdiction of Courts in Jaipur, Rajasthan.
- 13.2 The Employee agrees and acknowledges that the Employee has received and read a copy of the Plan. The Options are subject to the Plan. Any term of the Plan that is contrary to the requirement of the SEBI Regulations or any other Applicable Law, including but not limited to the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder shall not apply to the extent it is contrary.
- 13.3 In order to comply with regulation of any other country or to avail any tax or other benefits, Nomination & Remuneration Committee or Board may at its sole discretion formulate an addendum to this Plan for Employees employed in that country and made applicable to such Employees from the date determined by the Nomination & Remuneration Committee/ Board.

Adopted by the Board on 3<sup>rd</sup> May, 2019

Approved by the Shareholders on 1<sup>st</sup> Aug, 2019

  
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# **EQUITY STOCK OPTION PLAN FOR EMPLOYEES 2020**

**FOR**


**Aavas Financiers Limited**

A handwritten signature in black ink, appearing to be 'Suresh', written in a cursive style.

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**AAVAS FINANCIERS LIMITED**  
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**SECTION 1**  
**TITLE AND COMMENCEMENT**

- 1.1. This employee stock option plan shall be called the **Equity Stock Option Plan for Employees 2020** (the **Plan**" or the **"ESOP 2020"**) and shall be applicable to certain employees of Aavas Financiers Limited, a company incorporated under the Companies Act, 1956 and having its Regd. and Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (**"Aavas Financiers"** or the **"Company"**) [and its subsidiaries] as are identified and approved by the board of directors of the Company (the **"Board"**) on May 14, 2020
- 1.2. The approval of shareholders by way of special resolution passed on July 22, 2020 has been obtained by the Company in order to grant Options to Employees of the Company and its subsidiaries.
- 1.3. The ESOP 2020 shall become effective from July 22, 2020 (the **"Effective Date"**).



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## SECTION 2 OBJECTIVE

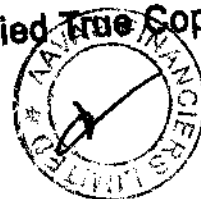
2.1. Aavas Financiers, a company incorporated under the Companies Act, 1956 and having its Regd. & Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020, has structured this Plan for its Employees and the Employees of its subsidiary companies, (as defined under the Companies Act, 2013). The purpose of this Plan is as under:

- a) Create corporate identity- Professionally driven company;
- b) Attain performance targets;
- c) Retention;
- d) To offer an opportunity of sharing the wealth created to those employees who have contributed to creation of wealth of shareholders;
- e) Aligning the objective of the individual with the shareholders interest & Company philosophy and
- f) Loyalty

This purpose is sought to be achieved through the Plan to acquire the Shares of the Company by its Employees.

2.2. Further, the Plan will be implemented, for and on behalf of and at the request of the Subsidiary Companies of Aavas Financiers, for the employees of the Subsidiary Companies. The purpose of this Plan is to retain and reward the employees of the Subsidiary Companies for high levels of individual performance and for unusual efforts to improve the financial performance of the respective Subsidiary Companies, which will ultimately contribute to the success of the Company. This purpose is sought to be achieved through the issue of options, for and on behalf of, and at the behest of the Subsidiary Companies to their employees.

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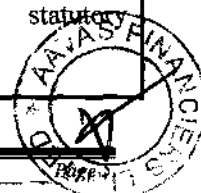


### SECTION 3 DEFINITIONS AND INTERPRETATION

#### 3.1. Definitions

In this Plan, the following expressions including their grammatical variations or cognate expressions shall, where the context so admits, have the following meaning:

I	<b>Acceptance Form</b>	means the form that the employee has to submit indicating his acceptance of the offer made to him to participate in the Plan;
II	<b>Applicable Laws</b>	means any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, approval, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administrative order having the force of law in India of any of the foregoing by, any Government Authority having jurisdiction over the matter in question.
III	<b>Board</b>	shall have the meaning ascribed to it in Section 1.1.
IV	<b>Cashless Exercise</b>	means the Exercise of Options by an Employee according to the procedure for cashless exercise laid down by the Nomination & Remuneration Committee.
V	<b>Cause</b>	means (a) constant failure of the Employee in the opinion of Nomination & Remuneration Committee to achieve assigned performance targets and objectives, (other than any such failure resulting from retirement, death or Disability), or (b) the Employee engaging in willful, reckless or grossly negligent misconduct which is determined by the Nomination & Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise, or (c) the Employee's pleading guilty to or conviction of a offense involving imprisonment of more than one (1) year, or (d) fraud, moral turpitude, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company to any third party, or (e) employment of the Employee in any other organization, or (f) the Employee engaging, directly or indirectly, in any activity similar to or competing with the business or acquiring an interest in any entity (except to the extent 1% of the total paid up share capital of a public listed company) whose primary business is similar to or competing with the business, or rendering services to any entity or business similar to or competing with the business.
VI	<b>Change in Control</b>	means any, direct or indirect, sale of Equity Securities whereby a third party acquirer (along with any affiliates) holds more than 50% of the Equity Securities of the Company;
VII	<b>Companies Act</b>	means the Companies Act, 2013, including any statutory modifications or re-enactments thereof.



VIII	<b>Company</b>	shall have the meaning ascribed to it in Section 1.1.
IX	<b>Corporate Action</b>	shall have meaning as understood under the SEBI Regulations. Corporate Action shall include Change in Capital structure such as (i) a scheme for merger, reconstitution, consolidation, dissolution, liquidation or reorganization, exchange of Shares, share swaps, sale of all or substantially all of the assets of the Company (ii) any stock dividend, stock split, reverse stock split, stock combination, rights issue, bonus issues or other changes in the capital structure of the Company or (iii) any other event which in the judgment of the Board necessitates action of making a fair and reasonable adjustment to the number of Options and/ or to the Exercise Price, such adjustment shall be made in a manner that the total value of the Options remains the same after the Corporate Action or (iv) any change in control or (v) any divestment of the shareholding of the company.
X	<b>Director</b>	means a director appointed to the board of a company.
XI	<b>Disability</b>	means a total and permanent physical or mental incapacity of an Employee to perform his/her duties.
XII	<b>Effective Date</b>	shall have the meaning ascribed to it in Section 1.2.
XIII	<b>Employees</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) a permanent employee, of the Company working in India or out of India; or</li> <li>(b) director of the company, whether whole-time director or not but excluding an independent director; or</li> <li>(c) an employee as defined in clause (a) or (b) of a subsidiary, in India or outside India, or of a Holding Company of the company, if any;</li> </ul> <p>but does not include-</p> <ul style="list-style-type: none"> <li>i. an employee who is a promoter or a person belonging to the promoter group, or</li> <li>ii. a director, who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of the Company.</li> </ul>
XIV	<b>Eligible Employees</b>	for the purpose of this Plan means the identified Employee(s) as per Section 4.2 below
XV	<b>Equity Securities</b>	means the Equity Shares, preferred shares, bonds, loans, warrants, rights, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a

		right to subscribe for or purchase Equity Shares of the Company or any instrument or certificate representing a beneficial ownership interest in the Equity Shares of the Company, including global depository receipts and American depository receipts and any other security issued by the Company, even if not convertible into Equity Shares, that derives its value and/or return based on the financial performance of the Company or its Equity Shares.
XVI	<b>ESOP 2020 or the Plan</b>	shall have the meaning ascribed to it in Section 1.1
XVII	<b>Exercise</b>	means making of an application by an employee to the company for issue of shares against vested options in pursuance of this Plan, accompanied by the Exercise Price payable for such Shares.
XVIII	<b>Exercise Period</b>	means a period of four 4 years from the date of each Vesting of Stock Options.
XIX	<b>Exercise Price</b>	means the price, if any, payable by the employee for exercising the option in pursuance of the plan.
XX	<b>Exercise Window</b>	means the period during the year in which the Employees can Exercise their Stock Options.
XXI	<b>General meeting</b>	means a General Meeting (including an Extraordinary General Meeting) of the Shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable Laws;
XXII	<b>Government Authority</b>	means (a) central, state, city, municipal or local government, governmental authority or political subdivision thereof having jurisdiction; or (b) any agency or instrumentality of any of the authorities referred to in sub-clause (a); or (c) any regulatory or administrative authority, body or other organization having jurisdiction, to the extent that the rules, regulations, standards, requirements, procedures or orders of such authority, body or other organization have the force of the Applicable Law; or (d) any Court or tribunal having jurisdiction.
XXIII	<b>Grant</b>	means the process by which the company issues options under the plan
XXIV	<b>Grant Date</b>	means the date on which the Nomination & Remuneration Committee approves the Grant
XXV	<b>Grant Letter</b>	means the letter under which the grant of options has been or will be made to an employee in the specified form.
XXVI	<b>Grantee</b>	shall mean an Eligible Employee having a right but not an obligation to exercise an option in pursuance of this Plan
XXVII	<b>Group</b>	means two or more companies which, directly or indirectly, are in a position to -





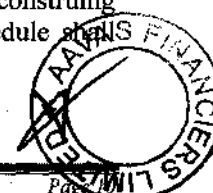
		(a) exercise 26% or more of the voting rights in the other company; or (b) appoint more than 50% of the members of the board of directors in the other company; or (c) control the management or affairs of the other company.
XXVIII	<b>Holding Company</b>	means a Company defined under section 2(46) the Companies Act, 2013;
XXIX	<b>Independent Director</b>	means the Independent Director as defined under SEBI (LODR) Regulations 2015
XXX	<b>Lock-in Period</b>	means period in which there is restriction on sale of Underlying Shares issued to Employee pursuant to Exercise of Stock Options
XXXI	<b>Market Price</b>	means the latest available closing price of the shares, on the Recognized stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.
XXXII	<b>Nominee</b>	means the person or persons, trust or trusts designated by the Employee, or in the absence of any designation by the Employee, a person or persons who is/are entitled by the will or probate of the Employee to receive the benefits specified in the Plan, the legal heirs of the Employee, if the Employee dies intestate and includes the Employee's executors or administrator, if no other Beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof;
XXXIII	<b>Nomination &amp; Remuneration Committee</b>	the Nomination & Remuneration Committee shall be a committee of such members of the board of directors of the company as provided under section 178 of the Companies Act, 2013 as amended or modified from time to time.
XXXIV	<b>Option or Stock Option</b>	means the Option given to an Employee which gives him a right to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre-determined price. Subject to Section 9 of the Plan, each option will entitle the Employee to one Share of the Company.
XXXV	<b>Participant</b>	means a Grantee who accepts the Grant from the Company/ Nomination & Remuneration Committee/ Trust to participate in this Plan pursuant to Section 5 below.
XXXVI	<b>Promoter</b>	means promoter as defined under the SEBI Regulations;
XXXVII	<b>Promoter Group</b>	means promoter group as defined under the SEBI Regulations;

XXXVIII	<b>Relative</b>	means relative defined under the SEBI Regulations;
XXXIX	<b>Recognized Stock Exchange</b>	means recognized stock exchange as defined under Securities Contracts (Regulation) Act, 1956
XL	<b>Retirement</b>	means retirement as per the rules of the company
XLI	<b>Resultant Share</b>	means the Equity Shares issued in lieu of shares of the Company on any Change in Capital Structure as mentioned in this Plan.
XLII	<b>SEBI Regulations</b>	means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.
XLIII	<b>SEBI (LODR) Regulations 2015</b>	Means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time.
XLIV	<b>Share Capital</b>	means the issued and paid up share capital of the Company consisting of 7,83,24,361 Equity Shares having face value of Rupees Ten (10) per share.
XLV	<b>Shares or Equity Shares</b>	means equity shares of the Company with a current face value of Indian Rupees Ten (10) per equity share.
XLVI	<b>Share Pool</b>	means the total number of Stock Options as approved by the Shareholders in the general meeting pursuant to this Plan.
XLVII	<b>Shareholders</b>	means registered shareholder of a share in the share capital of the company.
XLVIII	<b>Subsidiary Company</b>	means a Company defined under section 2(87) the Companies Act, 2013;
XLIX	<b>Trust</b>	means a trust which may be established, under the provisions of Indian Trusts Act, 1882 including any statutory modification or re-enactment thereof, for implementing any of the Plans covered by these regulations.
L	<b>Trust Deed</b>	means the trust deed under which Aavas Financiers Limited has appointed the Trustees.
LI	<b>Trustee</b>	means the trustee of the Trust appointed pursuant to the Trust Deed.
LII	<b>Termination date</b>	means the date of termination of the employment of the employee with the group or the extended group, as the case may be.
LIII	<b>Unvested option</b>	Means an option which is not a vested option.

LIV	<b>Underlying Shares</b>	means the Shares underlying the Options on the basis of one Option entitling an Employee to one Share.
LV	<b>Vesting</b>	means the process by which the employee becomes entitled to receive the benefit of a grant made under this plan.
LVI	<b>Vesting Date</b>	means the respective dates on and from which the option vests with the employee and thereby becomes exercisable.
LVII	<b>Vesting Period</b>	means the period during which the vesting of option granted under the plan takes place.

### 3.2. Interpretation

- (a) In this Plan (unless the context requires otherwise), any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to:
  - (i) that enactment as amended, extended or applied by or under any other enactment before, on or after the date of this Plan; and
  - (ii) any subordinate legislation (including regulations) made (before, on or after the date of this Plan) under that enactment, as re-enacted, amended, extended or applied as described in paragraph (i) above, or under any enactment referred to in paragraph (ii) above.
- (b) In this Plan, any reference to a contract, deed, indenture, constitutional document or other agreement includes references to that contract, deed, indenture, constitutional document or other agreement as amended, modified, supplemented, superseded or terminated, on or after the date thereof.
- (c) In this Plan, reference to including and include shall be construed to mean "including without limitation" and "include without limitation" respectively, unless otherwise specified.
- (d) In this Plan, references to a person shall be construed so as to include any individual, firm, company, unincorporated association of persons, government, state or agency of a state or any joint venture, association, partnership, or employee representative body (whether or not having separate legal personality).
- (e) In this Plan, references to INR or Indian Rupees are to the lawful currency from time to time of the Republic of India.
- (f) Where there is any inconsistency between the definitions set out in Section 3.1 and the definitions set out in any other Section or schedule, then for the purposes of construing such Section or schedule, the definitions set out in such Section or schedule shall prevail.



- (g) In this Plan:
  - (i) words importing the singular shall include the plural and vice versa; and
  - (ii) References to a person save as otherwise provided in this Plan or save as otherwise may be reasonably inferred shall include the successors or permitted assigns of that person (immediate or otherwise).
- (h) The headings in this Plan do not affect its interpretation and are for convenience only. Any schedule or annex to this Plan shall take effect as if set out in this Plan and references to this Plan shall include its schedules and annexure.
- (i) In this Plan, unless the contrary intention appears, a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item is a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item of this Plan.
- (j) For the purposes of any calculation under this Plan any fraction the will be rounded up or down to the nearest integer.
- (k) In this Plan, any references to "month" shall, unless a contrary intention appears, mean a continuous period of thirty (30) days from (and excluding) the date of the event where applicable, else a calendar month and "year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) months from (and excluding) the date of the event where applicable, else a continuous period of twelve (12) calendar months and "calendar year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) calendar months commencing on January 1<sup>st</sup> and ending on December 31<sup>st</sup>.



**SECTION 4****AUTHORITY, CEILING AND ADMINISTRATION OF THE ESOP 2020**

- 4.1. The Shareholders in their general meeting held on July 22, 2020 have approved the Grant of such number of Options being not more than the Share Pool of 3,00,000 (Three Lakh) shares, pursuant to the ESOP 2020, to the Employees and have granted the authority of designing, implementing and administering such Plan to the Nomination & Remuneration Committee in accordance with the provisions hereof as well as the Applicable Laws and under the general direction and supervision by the Board.
- 4.2. The eligibility to participate in the Plan is subject to such criteria as may be decided by the Nomination and Remuneration Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality or any other criteria, as the Nomination and Remuneration Committee determines.
- 4.3. The Nomination & Remuneration Committee shall have the following powers in relation to the ESOP 2020, subject to concurrence by the Board:
- (a) Laying down the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of Change in the Capital Structure;
  - (b) Providing for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave or whose services have been seconded to any other company;
  - (c) Laying down the procedure for cashless exercise, as may be applicable, by the employees upon vesting of shares
  - (d) Such other powers as may be necessary or expedient in connection of the implementation or administration of the Plan.
- 4.4. The Nomination & Remuneration Committee shall interpret the Plan and shall make all other determinations necessary or advisable for its administration. In respect of any issues arising in respect of administration and implementation of the Plan, the decision of the Nomination & Remuneration Committee shall be final and binding on all concerned. The Company/ the Board/ the Nomination & Remuneration Committee shall not be liable for any action or determination made in good faith with respect to the Plan or any Option granted there under.
- 4.5. The Nomination & Remuneration Committee may correct any defect, omission or reconcile any inconsistency in the Plan in the manner and to the extent the Nomination & Remuneration Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of the Plan and take any action which the Board is entitled to take.
- 4.6. The Nomination & Remuneration Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company and its Employees, as applicable.



**SECTION 5**  
**GRANT OF OPTIONS and METHOD OF ACCEPTANCE**

- 5.1 The Nomination & Remuneration Committee may offer the Options to a Grantee in accordance with the terms and conditions of this Plan for the time being in force. The Committee will decide the number of Options to be granted to each Eligible Employee.
- 5.2 During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under SEBI Regulations) of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting.
- 5.3 Subject to the Share pool agreed in the general meeting, the Options may be granted in one or more tranches. Subject to Section 9, each Option will entitle the Participant to one Share of the Company.
- 5.4 The Grant of the Options by the Nomination & Remuneration Committee to the Grantee shall be made in writing and communicated to the Grantee by a Grant Letter. Such a Grant shall state the number of Options Granted, the Exercise Price and the Closing date of accepting the Grant as per the Plan.
- 5.5 The Closing Date of accepting the offer shall be as specified in the Grant Letter. In any event, the Closing Date shall not be more than 30 days from the Grant Date. An offer made under Section 5.1 above is personal to the Grantee and cannot be transferred in any manner whatsoever.
- 5.6 The method of acceptance of the Grant made pursuant to Section 5.1 above, shall be determined in accordance with the Plan. Upon receipt of a duly completed acceptance Form from the Grantee in respect of the Grant, the Grantee will become a Participant.
- 5.7 Subject to the terms contained herein, the acceptance in accordance with this Plan, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.



## SECTION 6

### VESTING SCHEDULE and CONDITIONS

- 6.1 The Options granted to an Employee, in terms of **Schedule 2**, shall vest in an Employee in the manner and subject to the vesting conditions (time and performance) mentioned below.

#### Vesting Conditions and Schedule

50% of the total options granted to an employee shall be considered as Time options and balance 50% of the total options granted shall be considered as Performance options.

#### (A) Time Options

The Time Options shall vest in the following manner:

- i. 20% of the options granted shall vest on the first anniversary from the grant date;
- ii. Next 20% of the options granted shall vest on the second anniversary from the grant date;
- iii. Next 20% of the options granted shall vest on the third anniversary from the grant date;
- iv. Next 20% of the options granted shall vest on the fourth anniversary from the grant date;
- v. Balance 20% of the options granted shall vest on the fifth anniversary from the grant date;

#### (B) Performance Options

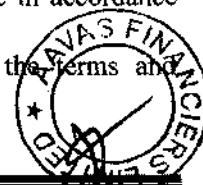
The Performance Options shall vest annually starting from the first anniversary of the Grant Date, subject to individual performance rating (subject to a maximum of 20% on each anniversary)

The above vesting will be based on the individual performance rating as indicated below

Individual Performance Rating*	Vesting per Year (%) of performance options
Rating 5	20%
Rating 4	15%
Rating 3	10%
Rating 2	0%
Rating 1	0%

\* The performance criteria may be revised at the end of each year as decided by the Nomination & Remuneration Committee in consultation with the management of the company.

- 6.2 Notwithstanding anything mentioned in the Plan and subject to Section 8.3 below, Shares with respect to which an Option is granted under the Plan, that remain unexercised at the expiration, or which are not vested in case of individual performance rating is in the range of 1-4, or which have lapsed (including those having lapsed by way of forfeiture as mentioned above) or cancelled shall be added back to the number of Options that are pending to be granted. The Company may Grant such Options within the overall limit determined in accordance with the Plan.
- 6.3 Subject to Section 8 below, the Unvested Options shall vest with the Employee in accordance with the ESOP 2020.
- 6.4 Upon vesting, the Vested Options shall be exercisable in accordance with the terms and conditions set forth under the ESOP 2020.



- 6.5 Notwithstanding anything mentioned in the Plan, Options which are not vested shall automatically lapse without surviving rights/ liabilities for any party.
- 6.6 Subject to the SEBI Regulations, and unless the Nomination & Remuneration Committee decides otherwise, no Options shall vest in an Employee, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Nomination & Remuneration Committee/ Company in this regard shall be final and conclusive and cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Section shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee or Director of the Company and shall not apply to the Nominee of the Employee.
- 6.7 Neither the Employee nor any person entitled to exercise Employee's rights in the event of death of the Employee shall be entitled to claim or receive any dividend and right to vote, or in any manner enjoy the benefits as a shareholder of the Company in respect of the Options granted/ vested, till such time as the Shares are transferred pursuant to a valid Exercise of the Options in favor of such Employee or such person.
- 6.8 Notwithstanding anything contained in point 6.1 to 6.7 above, there shall be a minimum period of one year between the grant of options and vesting of option.





## SECTION 7 EXERCISE OF OPTIONS

- 7.1 Subject to Section 8.3 below, the Employees may Exercise the Options that have vested in them at any time during the Exercise Period by paying the Exercise Price. The Exercise Price for grants made under this plan shall be the Market Price of the shares as on the Grant Date.

Provided, if the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

- 7.2 For such Exercise, an Employee shall serve a notice in the form prescribed in **Schedule 1** (the "Exercise Notice") to the Company stating the number of the Options the Employee wishes to Exercise and whether such Employee is desirous of undertaking a Cashless Exercise or a Share Exercise.

- 7.3 Upon the receipt of the Exercise Notice:

- (a) Where the Employee opts for a Share Exercise, subject to the tender by the Employee of the Exercise Price and any applicable taxes to the Company/ Trust, the Company/ Trust shall transfer the Underlying Shares to the Employee. The Company shall record such transfer and enter the name of the Employee as a Shareholder in relation to such Underlying Shares upon such Exercise;
- (b) where the Employee opts for a Cashless Exercise, the Nomination and Remuneration Committee/ Company shall make suitable arrangements for appropriate funding through the Trust. The detailed procedure for Cashless Exercise shall be notified by the Nomination & Remuneration Committee from time to time, as may be applicable.

- 7.4 The Employee shall bear all taxes on any Exercise of Options.

- 7.5 Notwithstanding anything contained herein or elsewhere in this Plan, it is hereby clarified that the Company is under no obligation to either buy the Shares or pay any compensation to any Employee under this Section as a result of the inability or unwillingness of the Employee to acquire any Shares, whether due to lack of funds, any restriction under law or otherwise.

- 7.6 Notwithstanding anything contained elsewhere in the Plan, the Nomination & Remuneration Committee and/or the Board may, if the Exercise of Options within the Exercise Period, is prevented by Applicable Law, defer or refuse to permit the Exercise of Options till such time as it is prohibited by the Applicable Law 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. Provided further, that the Board shall have the power and is hereby authorized to cancel all or any of the Options granted under the Plan if so required under any Applicable Law.

- 7.7 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the following methods:

- i) Cheque or demand draft issued in the name of the Company/ Trust; or
- ii) Remittance directly from the Employee's bank to the bank account of the Company/ Trust (wire transfer); or
- iii) Any combination of such methods of payment or any other method acceptable to the Nomination & Remuneration Committee at its sole discretion.



## SECTION 8 TERMINATION OF EMPLOYMENT

### 8.1 Termination by the Company

In the event that the Company terminates an Employee's employment:

- (a) For Cause, all Options, whether Vested or not, shall lapse.
- (b) Without Cause, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable within 90 days from the date of termination of employment and the options not exercised within the aforementioned period shall lapse and the contract referred to in Section 11.14 below shall automatically be terminated without surviving rights/ liabilities for any party.

### 8.2 Resignation by the Employee

On resignation by the Employee, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable in accordance with the terms hereof provided however that the Employee shall be required to Exercise all his/her Vested Option within ninety (90) days of the date of his/her resignation.

### 8.3 Death or Disability

On death or Disability, all Options that are lying unvested in such Employee shall vest immediately in the nominee or legal heir or Employee on the date of termination of employment. All Vested Options shall be exercisable by such nominee or legal heir or Employee within a period of 12 months from the date of vesting or before the expiry of exercise period unless the Nomination & Remuneration Committee decides otherwise. Any vested options not exercised within the aforesaid period shall automatically lapse after the end of aforesaid period.

### 8.4 Retirement

On Retirement, all Performance Options that are lying unvested in such Employee shall lapse and all Time options that are lying unvested in the employee shall vest immediately. The Vested Options shall be exercisable within 90 days from the date of retirement and the contract referred to in Section 11.14 below shall automatically be terminated without surviving rights/ liabilities for any party.

### 8.5 Appointment of Nominee

The Employee shall appoint any person as his/her nominee(s) for the purpose of exercising the rights, subject to the obligations, in terms of the Plan at the time of Grant. The Employee has the right to revoke such nomination at any time and a fresh nomination may be made on such revocation. Notwithstanding contained herein, the nominee(s) specified as aforesaid shall alone be entitled to exercise the rights of the Employee concerned and the Company shall not be liable in relation to any rights and obligations amongst the legal heirs *inter se* of the Employee concerned. In the absence of nomination or in the event of death of the nominee(s) before exercising the options under the Plan, the legal heirs of the Employee shall have the right to Exercise the Options as Vested on the Employee on his death. The determination of who are the legal heirs and/or nominees, as the case may be, of the deceased Employee shall be solely and exclusively at the discretion of the Nomination & Remuneration Committee. Legal heir(s) / successor(s) shall be



required to produce all such documents / indemnities as may be required by the Nomination & Remuneration/ Company to prove the succession of the estate of the deceased Employee.



**SECTION 9**  
**CHANGE IN CAPITAL STRUCTURE**

- 9.1 Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Nomination & Remuneration Committee, at its discretion as to number (vested as well as unvested) and price of Options or Shares, as the case may be, in the event of Change in Capital Structure.
- 9.2 The existence of the Plan and the Grants made hereunder shall not in any way affect the right or the power of the Board or the Shareholders or the Company to make, undertake 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.
- 9.3 If there is a Change in the Capital Structure of the Company before any Options Granted under this Plan are Exercised, the number of Shares to which the Employee shall be entitled and rights under such unexercised Options shall be adjusted in the following manner:
- (a) The number of Shares to which the Employee shall be entitled shall be calculated, at the time of the Exercise of the same, as if these unexercised Options are being vested in him/her before such Change in the Capital Structure of the Company. It is hereby clarified that the number of Shares, with respect to which the Options may be Exercised after a Change in the Capital Structure of the Company 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;
  - (b) In case the provisions of Applicable Law restrict/prohibit the issue of Shares at a discount to its par value, the Exercise Price shall not be less than the amount as prescribed under such law.
  - (c) The rights under these Options not Exercised by him/her shall stand correspondingly adjusted.



**SECTION 10**  
**AMENDMENT AND TERMINATION OF THE ESOP 2020**

- 10.1 The Nomination & Remuneration Committee in its absolute discretion may from time to time amend, alter or terminate the Plan or any Grant or the terms and conditions thereof subject to the approval of shareholders. Provided that no amendment, alteration or termination in any Grant previously made may be carried out, if it is detrimental to the interests of the Employee without the consent of the concerned Employee. Provided further, that the Board may not, without the approval of the Shareholders, amend the Plan:
- (a) To increase the aggregate number of Shares which may be issued pursuant to the provisions of the Plan on Exercise or surrender of Options or upon Grant;
  - (b) To extend the maximum period during which Grants may be made under the Plan;
  - (c) To reduce the Vesting Period or to amend the vesting conditions;
  - (d) To reduce the Exercise Price
  - (e) To extend the Exercise Period.
- 10.2 Notwithstanding anything to the contrary contained above, the Board may, without any reference to or consent of the Employee concerned, amend the Plan or Grant to comply with the provisions of Applicable Law.



## **SECTION 11 OTHER TERMS AND CONDITIONS**

### **Notices and correspondence**

- 11.1 Any notice required to be given by an Employee/ Nominee to the Company/ the Nomination & Remuneration Committee or any correspondence to be made between an Employee/ Nominee and the Company/ the Nomination & Remuneration Committee may be given or made to the Company/ the Nomination & Remuneration Committee at the registered office/corporate office of the Company or at a place as may be notified by the Company/ the Nomination & Remuneration Committee in writing.
- 11.2 Any notice, required to be given by the Company/ the Nomination & Remuneration Committee to an Employee/ Nominee or any correspondence to be made between the Company/ the Nomination & Remuneration Committee and an Employee/ Nominee shall be given or made by the Company/ the Nomination & Remuneration Committee on behalf of the Company at the address provided by the Employee in his Acceptance Form or Nomination Form.

### **Lock-in**

- 11.3 The Shares allotted/ transferred pursuant to the Exercise of the Vested Options under Section 7 above shall not be subject to a lock-in unless the Nomination & Remuneration Committee decides otherwise.

### **Confidentiality**

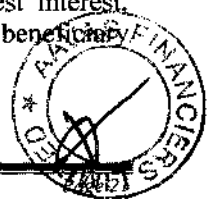
- 11.4 The Employee shall ensure that there is no violation of any regulations relating to insider trading as may be applicable, including the SEBI (Prohibition of Insider Trading Regulations), 2015 (as amended from time to time) and the prevention of any fraudulent or unfair trade practices related to the securities market. The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, Grant, the Allotment Letter or any connected matter. Any violation may result in cancellation of Grant or compulsory retransfer of Shares to a nominee as the Nomination & Remuneration Committee may deem fit without prejudice to the other action which may be taken in this regard.

### **Non Transferability of options**

- 11.5 Subject to Section 8.3 above, the Options granted herein, are personal to the Employee. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold or otherwise transferred or encumbered by the Employee/ Nominee otherwise than by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

### **Corporate Actions**

- 11.6 Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan. No Employee, beneficiary or other Person shall have any claim against the Company as a result of such action.



- 11.7 In case of Corporate Action, the Board shall ensure while taking into consideration the global best practices in this area including the procedures followed by the derivative markets in India and abroad, that the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employees. The decision of the Board on whether such action is necessary and the extent of such action by the Board shall be final and binding. If a change of control shall occur, the Board may make such adjustments at its discretion as are necessary or appropriate in light of the change of control (including, without limitation, the substitution of stock other than stock of the Company as the stock optioned hereunder, and the acceleration of the exercisability of the Options), provided that the Board determines that such adjustments do not have a substantial adverse economic impact on the Employee as determined at the time of the adjustments.

#### **Arbitration**

- 11.8 All disputes arising out of or in connection with this Plan or the Allotment Letter shall be exclusively and irrevocably referred to for arbitration to a sole arbitrator to be appointed by the Company. The arbitration proceedings will be governed by the provisions of the Arbitration and Conciliation Act, 1996 and will be held at Jaipur. The proceedings of arbitration will be in English language. The arbitrators' award will be binding on the parties subject to the Applicable Law, and the award will be enforceable in any competent court of law.

#### **Tenure**

- 11.9 This Plan shall continue in effect unless terminated by the Company/ the Committee. Any such termination of this Plan shall not affect Options/ Shares already granted and such Options/ Shares shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Employee and the Nomination & Remuneration Committee/ the Company.

#### **Regulatory approvals**

- 11.10 The implementation of the Plan, the Grant of any Option as per terms of the Plan and the issuance of any Shares under the Plan shall be subject to the procurement by the Company and the Employee of all approvals and permits required by any regulatory authorities having jurisdiction over the Plan, the Options and the Shares issued pursuant thereto. The Employee under this Plan will, if requested by the Nomination & Remuneration Committee, provide such assurances and representations to the Company or the Nomination & Remuneration Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.
- 11.11 The Board shall make all the relevant disclosures in the Director's Report in relation to the Plan as are required under the SEBI Regulations and other Applicable Laws.
- 11.12 The Company shall follow and confirm to applicable accounting policies issued by the Institute of Chartered Accountants of India from time to time and/or accounting policies as per the SEBI Regulations.

#### **Severability**

- 11.13 In the event that any term, condition or provision of this Plan is 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 Plan and shall be of no force and effect and this Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

#### **Other miscellaneous provisions**

- 11.14 The acceptance in accordance with the terms of the grant letter and the ESOP 2020, of a Grant

- made to an employee, shall conclude a contract between the employee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.
- 11.15 Nothing herein is intended to or shall give any Employee any right or status of any kind as a Shareholder by the ESOP 2020 unless the Employee converts the Options into Equity Shares.
- 11.16 No Person other than the Employee to whom the Options are granted shall be entitled to Exercise the Options except in the event of the death or Disability of the Employee. The Employee shall be required to provide the details of the nominee(s) at the time of Grant
- 11.17 The rights granted to an Employee under the ESOP 2020 shall not afford the Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 11.18 The Grant or Vesting of Options pursuant to this ESOP 2020 do not constitute an express or implied promise of continued employment of any Employee for any period at all, and shall not interfere with the Company's right to suspend, retrench, discipline or terminate the Employee's relationship as an Employee at any time with or without Cause.
- 11.19 The Employee shall have no rights as a Shareholder until the name of the Employee has been entered in the register of members of Aavas Financiers as the holder of the Shares provided hereunder to such Employee. The new Shares to be issued and allotted by Aavas Financiers in the manner aforesaid shall rank *pari passu* in all respects with the then existing Shares.
- 11.20 Nothing contained in the Plan shall be construed to prevent the Company directly or through any trust settled by the Company, from implementing any other new employee ownership plan 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 or any Grant made under the Plan. No Employee or other Person shall have any claim against the Company and/or trust as a result of such action.
- 11.21 Any issue/ transfer of Shares from the Company/ Trust to the Employee in question shall only take place during the exercise window of April 1<sup>st</sup> to May 31<sup>st</sup> (for Exercise Notice received from 16th Feb to 15th May), from July 1<sup>st</sup> to Aug 31<sup>st</sup> (for Exercise Notice received from 16th May to 15th Aug), from Oct 1<sup>st</sup> to Nov 30<sup>th</sup> (for Exercise Notice received from 16th Aug to 15th Nov), and from January 1st to February 28<sup>th</sup> every year (for Exercise Notice received from 16th Nov to 15th Feb). It is clarified that the time-periods set out in this Section for transfer of Shares to the Employee are indicative in nature and the Company shall not be liable in case the said time-periods are not met, with regard to any particular transfer of Shares.
- 11.22 It is the Company's/ Nomination & Remuneration Committee's/Trust's obligation to convey to the Participant/ Nominee that the Shares shall be subject to set-off or counterclaim of amounts owed by the Participant/ Nominee to the Company's/ Nomination & Remuneration Committee's / Trust's, to the extent permitted under Applicable Laws.

**11.23 Covenants of the Grantee**

The Grantee confirms that:-





- i) the Grantee shall not engage himself / herself in activities that have or will have an adverse impact on the reputation of the Company or its subsidiaries or holding company.
- ii) while during employment with the Company or its subsidiaries or holding or Affiliate company, the Grantee shall engage exclusively in the work assigned by the Company or its subsidiaries or holding company, respectively, and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- iii) the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company or its subsidiaries or holding company.
- iv) in consideration of the Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
- v) the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company or its subsidiaries or holding company) or as may be required by the Company or its subsidiaries or holding company.
- vi) the Grantee understands that the Grant of the Option is limited only to the Shares of the Company, and the Grantee shall have no recourse to the shares of any other company of the Company, in any manner whatsoever.
- vii) the Grantee understands that "Confidential Information" means any or all information about the Company or its subsidiaries or holding company that satisfies one or more of the following conditions:
  - a. such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company or its subsidiaries or holding company; or
  - b. such information which is critical, in the Company's opinion, to the Company's current or anticipated business or research and development activities or those of a customer or supplier or associate or channel partner of the Company or its subsidiaries or holding company and the disclosure of the same would affect their competitiveness; or
  - c. such information which either has been identified as confidential by the Company or its subsidiaries or holding company (either orally or in writing) or has been maintained as confidential from outside parties and is recognized as intended for internal disclosures only; or
  - d. such information which either is of a nature that it gives a distinct edge to the Company or its subsidiaries or holding company over competition when not shared with the competition, or is likely to give any advantage to the competition.

other organization / person / group of persons when shared with the organization / person / group of persons; or

- e. such information which is required to be kept confidential by any requirement of law.

- 11.24 No right to a Grant: Neither the adoption of the Plan, nor any action of the Company/ Board/ Nomination & Remuneration Committee/Trust shall be deemed to give an Employee any right to be granted an Option to acquire Shares or to any other rights hereunder except as may be evidenced by a Grant Letter, and only to the extent of and on the terms and conditions expressly set forth therein, or in the Plan as the case may be.
- 11.25 No employment rights conferred: Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his employment at any time.
- 11.26 Transfer or Deputation: Subject to Section 8 above, in the event that a Participant who has been Granted Options under this Plan is transferred or deputed to any Holding Company or Subsidiary Company as defined under the Companies Act, 2013 prior to Vesting or Exercise, the Vesting and/or Exercise as per the terms of Grant shall continue in case of such transferred or deputed Participant even after the transfer or deputation.
- 11.27 Adherence to Applicable Laws: The Participant/ Nominee shall comply with all Applicable Laws.
- 11.28 This Plan shall not confer on any person any legal or equitable rights against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee directly or indirectly or give rise to any cause of action at law or in equity against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee.
- 11.29 The Company shall bear the costs of establishing and administering this Plan, 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.
- 11.30 The Participant shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Trade Practices relating to Securities Market) Regulations 2003, to the extent applicable, as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Participant from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested Options as well as subject the Participant to disciplinary action at the discretion of the Company.
- 11.31 The acceptance of the Grant is entirely voluntary and the Company or the Board/ Committee does not guarantee any return on Shares or Options.
- 11.32 This Plan 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.



- 11.33 Inability to obtain authority: The inability of the Company/Board/ Nomination & Remuneration Committee /Trust to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any shares hereunder shall relieve and wholly discharge the Company/Board/ Nomination & Remuneration Committee /Trust of any and all liability in respect of the failure to issue or sell such shares.



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**SECTION 12**  
**TAX IMPLICATIONS AND DEDUCTION OF TAX**

- 12.1 The Employees have been informed that there may be tax consequences as a result of purchase or disposition of the Shares pursuant to this ESOP 2020. The Employees shall seek independent tax advice and shall not rely upon the Company for any tax advice.
- 12.2 Each Employee shall be solely responsible for any tax or duties or any other levies as may be imposed by the prevailing Applicable Laws on the Options from time to time. In the event of any levy in the form of tax on Stock Options as perquisites or in any other form being imposed on the Company/ Employees in relation to the Options granted under the ESOP 2020, the Employees shall be liable for the same.
- 12.3 The Company/the Trustee shall have the right to deduct/recover from the Employee, in connection with all Grants, any taxes required by law to be deducted at source/paid and to require any payments necessary to enable it to satisfy such obligations. In case of cashless exercise, the Employees will authorize the Company/ Trustee in the format prescribed by the Nomination & Remuneration Committee to discharge the obligation in the respect of tax deduction at source/ recovery of tax paid and appropriate the proceeds thereof on behalf of the Employee.




## SECTION 13

### GOVERNING LAW & JURISDICTION

- 13.1 The terms and conditions of the ESOP 2020 shall be governed by and construed in accordance with the laws of India and subject to the provisions of Section 11.8 above, to the exclusive jurisdiction of Courts in Jaipur, Rajasthan.
- 13.2 The Employee agrees and acknowledges that the Employee has received and read a copy of the Plan. The Options are subject to the Plan. Any term of the Plan that is contrary to the requirement of the SEBI Regulations or any other Applicable Law, including but not limited to the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder shall not apply to the extent it is contrary.
- 13.3 In order to comply with regulation of any other country or to avail any tax or other benefits, Nomination & Remuneration Committee or Board may at its sole discretion formulate an addendum to this Plan for Employees employed in that country and made applicable to such Employees from the date determined by the Nomination & Remuneration Committee/ Board.

**Adopted by the Board on May 14, 2020**

**Approved by the Shareholders on July 22, 2020**

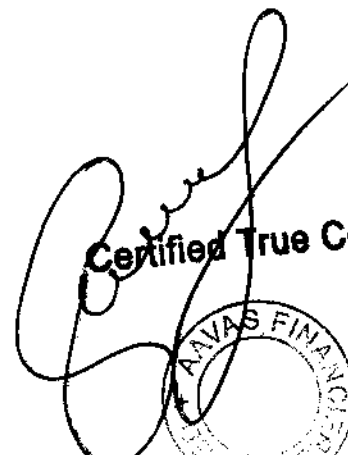



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# **EQUITY STOCK OPTION PLAN FOR EMPLOYEES 2021**

**FOR**

**Aavas Financiers Limited**

  
**Certified True Copy**  


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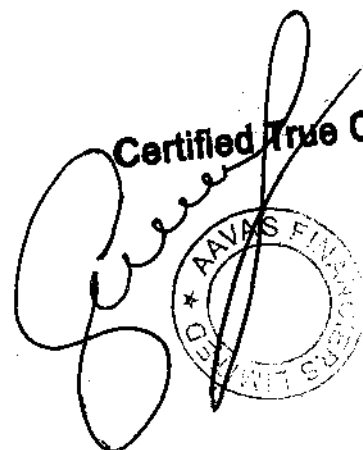
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**SECTION 1**  
**TITLE AND COMMENCEMENT**

- 1.1. This employee stock option plan shall be called the **Equity Stock Option Plan for Employees 2021** (the **Plan** or the **"ESOP 2021"**) and shall be applicable to certain employees of Aavas Financiers Limited, a company incorporated under the Companies Act, 1956 and having its Regd. and Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (**"Aavas Financiers"** or the **"Company"**) [and its subsidiaries] as are identified and approved by the board of directors of the Company (the **"Board"**) on July 13, 2021
- 1.2. The approval of shareholders by way of special resolution passed on August 10, 2021 has been obtained by the Company in order to grant Options to Employees of the Company and its subsidiaries.
- 1.3. The ESOP 2021 shall become effective from August 10, 2021 (the **"Effective Date"**).

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A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "Aavas Financiers Limited" around the perimeter and "JAI PUR" at the bottom. There is also a small star symbol inside the stamp.



## SECTION 2 OBJECTIVE

2.1. Aavas Financiers, a company incorporated under the Companies Act, 1956 and having its Regd. & Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020, has structured this Plan for its Employees and the Employees of its subsidiary companies, (as defined under the Companies Act, 2013). The purpose of this Plan is as under:

- a) Create corporate identity- Professionally driven company;
- b) Attain performance targets;
- c) Retention;
- d) To offer an opportunity of sharing the wealth created to those employees who have contributed to creation of wealth of shareholders;
- e) Aligning the objective of the individual with the shareholders interest & Company philosophy and
- f) Loyalty

This purpose is sought to be achieved through the Plan to acquire the Shares of the Company by its Employees.

2.2. Further, the Plan will be implemented, for and on behalf of and at the request of the Subsidiary Companies of Aavas Financiers, for the employees of the Subsidiary Companies. The purpose of this Plan is to retain and reward the employees of the Subsidiary Companies for high levels of individual performance and for unusual efforts to improve the financial performance of the respective Subsidiary Companies, which will ultimately contribute to the success of the Company. This purpose is sought to be achieved through the issue of options, for and on behalf of, and at the behest of the Subsidiary Companies to their employees.

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### SECTION 3 DEFINITIONS AND INTERPRETATION

#### 3.1. Definitions

In this Plan, the following expressions including their grammatical variations or cognate expressions shall, where the context so admits, have the following meaning:

I	<b>Acceptance Form</b>	means the form that the employee has to submit indicating his acceptance of the offer made to him to participate in the Plan;
II	<b>Applicable Laws</b>	means any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, approval, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administrative order having the force of law in India of any of the foregoing by, any Government Authority having jurisdiction over the matter in question.
III	<b>Board</b>	shall have the meaning ascribed to it in Section 1.1.
IV	<b>Cashless Exercise</b>	means the Exercise of Options by an Employee according to the procedure for cashless exercise laid down by the Nomination & Remuneration Committee.
V	<b>Cause</b>	means (a) constant failure of the Employee in the opinion of Nomination & Remuneration Committee to achieve assigned performance targets and objectives, (other than any such failure resulting from retirement, death or Disability), or (b) the Employee engaging in willful, reckless or grossly negligent misconduct which is determined by the Nomination & Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise, or (c) the Employee's pleading guilty to or conviction of a offense involving imprisonment of more than one (1) year, or (d) fraud, moral turpitude, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company to any third party, or (e) employment of the Employee in any other organization, or (f) the Employee engaging, directly or indirectly, in any activity similar to or competing with the business or acquiring an interest in any entity (except to the extent 1% of the total paid up share capital of a public listed company) whose primary business is similar to or competing with the business, or rendering services to any entity or business similar to or competing with the business.
VI	<b>Change in Control</b>	means any, direct or indirect, sale of Equity Securities of the Company to a third party acquirer (along with any affiliates) holds more than 50% of the Equity Securities of the Company;
VII	<b>Companies Act</b>	means the Companies Act, 2013, including any statutory modifications or re-enactments thereof.

VIII	<b>Company</b>	shall have the meaning ascribed to it in Section 1.1.
IX	<b>Corporate Action</b>	shall have meaning as understood under the SEBI Regulations. Corporate Action shall include Change in Capital structure such as (i) a scheme for merger, reconstitution, consolidation, dissolution, liquidation or reorganization, exchange of Shares, share swaps, sale of all or substantially all of the assets of the Company (ii) any stock dividend, stock split, reverse stock split, stock combination, rights issue, bonus issues or other changes in the capital structure of the Company or (iii) any other event which in the judgment of the Board necessitates action of making a fair and reasonable adjustment to the number of Options and/ or to the Exercise Price, such adjustment shall be made in a manner that the total value of the Options remains the same after the Corporate Action or (iv) any change in control or (v) any divestment of the shareholding of the company.
X	<b>Director</b>	means a director appointed to the board of a company.
XI	<b>Disability</b>	means a total and permanent physical or mental incapacity of an Employee to perform his/her duties.
XII	<b>Effective Date</b>	shall have the meaning ascribed to it in Section 1.2.
XIII	<b>Employees</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) a permanent employee, of the Company working in India or out of India; or</li> <li>(b) director of the company, whether whole-time director or not but excluding an independent director; or</li> <li>(c) an employee as defined in clause (a) or (b) of a subsidiary, in India or outside India, or of a Holding Company of the company, if any;</li> </ul> <p>but does not include-</p> <ul style="list-style-type: none"> <li>i. an employee who is a promoter or a person belonging to the promoter group, or</li> <li>ii. a director, who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of the Company.</li> </ul>
XIV	<b>Eligible Employees</b>	for the purpose of this Plan means the identified Employee(s) as per Section 4.2 below
XV	<b>Equity Securities</b>	means the Equity Shares, preferred shares, bonds, loans, warrants, rights, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a

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		right to subscribe for or purchase Equity Shares of the Company or any instrument or certificate representing a beneficial ownership interest in the Equity Shares of the Company, including global depositary receipts and American depositary receipts and any other security issued by the Company, even if not convertible into Equity Shares, that derives its value and/or return based on the financial performance of the Company or its Equity Shares.
XVI	<b>ESOP 2021 or the Plan</b>	shall have the meaning ascribed to it in Section 1.1
XVII	<b>Exercise</b>	means making of an application by an employee to the company for issue of shares against vested options in pursuance of this Plan, accompanied by the Exercise Price payable for such Shares.
XVIII	<b>Exercise Period</b>	means a period of four 4 years from the date of each Vesting of Stock Options.
XIX	<b>Exercise Price</b>	means the price, if any, payable by the employee for exercising the option in pursuance of the plan.
XX	<b>Exercise Window</b>	means the period during the year in which the Employees can Exercise their Stock Options.
XXI	<b>General meeting</b>	means a General Meeting (including an Extraordinary General Meeting) of the Shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable Laws;
XXII	<b>Government Authority</b>	means (a) central, state, city, municipal or local government, governmental authority or political subdivision thereof having jurisdiction; or (b) any agency or instrumentality of any of the authorities referred to in sub-clause (a); or (c) any regulatory or administrative authority, body or other organization having jurisdiction, to the extent that the rules, regulations, standards, requirements, procedures or orders of such authority, body or other organization have the force of the Applicable Law; or (d) any Court or tribunal having jurisdiction.
XXIII	<b>Grant</b>	means the process by which the company issues options under the plan
XXIV	<b>Grant Date</b>	means the date on which the Nomination & Remuneration Committee approves the Grant
XXV	<b>Grant Letter</b>	means the letter under which the grant of options has been or will be made to an employee in the specified form.
XXVI	<b>Grantee</b>	shall mean an Eligible Employee having a <b>Certified True Copy</b> to exercise an option in pursuance of this Plan
XXVII	<b>Group</b>	means two or more companies which, directly or indirectly, are in a position to -

		(a) exercise 26% or more of the voting rights in the other company; or (b) appoint more than 50% of the members of the board of directors in the other company; or (c) control the management or affairs of the other company.
XXVIII	<b>Holding Company</b>	means a Company defined under section 2(46) the Companies Act, 2013;
XXIX	<b>Independent Director</b>	means the Independent Director as defined under SEBI (LODR) Regulations 2015
XXX	<b>Lock-in Period</b>	means period in which there is restriction on sale of Underlying Shares issued to Employee pursuant to Exercise of Stock Options
XXXI	<b>Market Price</b>	means the latest available closing price of the shares, on the Recognized stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.
XXXII	<b>Nominee</b>	means the person or persons, trust or trusts designated by the Employee, or in the absence of any designation by the Employee, a person or persons who is/are entitled by the will or probate of the Employee to receive the benefits specified in the Plan, the legal heirs of the Employee, if the Employee dies intestate and includes the Employee's executors or administrator, if no other Beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof;
XXXIII	<b>Nomination &amp; Remuneration Committee</b>	the Nomination & Remuneration Committee shall be a committee of such members of the board of directors of the company as provided under section 178 of the Companies Act, 2013 as amended or modified from time to time.
XXXIV	<b>Option or Stock Option</b>	means the Option given to an Employee which gives him a right to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre-determined price. Subject to Section 9 of the Plan, each option will entitle the Employee to one Share of the Company.
XXXV	<b>Participant</b>	means a Grantee who accepts the Grant from the Company/ Nomination & Remuneration Committee/ Trust to participate in this Plan pursuant to Section 5 below.
XXXVI	<b>Promoter</b>	means promoter as defined under the SEBI Regulations;
XXXVII	<b>Promoter Group</b>	means promoter group as defined under the SEBI Regulations;

XXXVIII	<b>Relative</b>	means relative defined under the SEBI Regulations;
XXXIX	<b>Recognized Stock Exchange</b>	means recognized stock exchange as defined under Securities Contracts (Regulation) Act, 1956
XL	<b>Retirement</b>	means retirement as per the rules of the company
XLI	<b>Resultant Share</b>	means the Equity Shares issued in lieu of shares of the Company on any Change in Capital Structure as mentioned in this Plan.
XLII	<b>SEBI Regulations</b>	means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.
XLIII	<b>SEBI (LODR) Regulations 2015</b>	Means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time.
XLIV	<b>Share Capital</b>	means the issued and paid up share capital of the Company consisting of 7,83,24,361 Equity Shares having face value of Rupees Ten (10) per share.
XLV	<b>Shares or Equity Shares</b>	means equity shares of the Company with a current face value of Indian Rupees Ten (10) per equity share.
XLVI	<b>Share Pool</b>	means the total number of Stock Options as approved by the Shareholders in the general meeting pursuant to this Plan.
XLVII	<b>Shareholders</b>	means registered shareholder of a share in the share capital of the company.
XLVIII	<b>Subsidiary Company</b>	means a Company defined under section 2(87) the Companies Act, 2013;
XLIX	<b>Trust</b>	means a trust which may be established, under the provisions of Indian Trusts Act, 1882 including any statutory modification or re-enactment thereof, for implementing any of the Plans covered by these regulations.
L	<b>Trust Deed</b>	means the trust deed under which Aavas Financiers Limited has appointed the Trustees.
LI	<b>Trustee</b>	means the trustee of the Trust appointed pursuant to the Trust Deed.
LII	<b>Termination date</b>	means the date of termination of the employment of the employee with the group or the extended group, as the case may be.
LIII	<b>Unvested option</b>	Means an option which is not a vested option.

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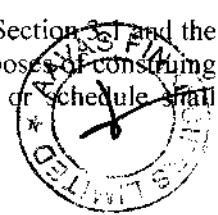


LIV	<b>Underlying Shares</b>	means the Shares underlying the Options on the basis of one Option entitling an Employee to one Share.
LV	<b>Vesting</b>	means the process by which the employee becomes entitled to receive the benefit of a grant made under this plan.
LVI	<b>Vesting Date</b>	means the respective dates on and from which the option vests with the employee and thereby becomes exercisable.
LVII	<b>Vesting Period</b>	means the period during which the vesting of option granted under the plan takes place.

### 3.2. Interpretation

- (a) In this Plan (unless the context requires otherwise), any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to:
- (i) that enactment as amended, extended or applied by or under any other enactment before, on or after the date of this Plan; and
  - (ii) any subordinate legislation (including regulations) made (before, on or after the date of this Plan) under that enactment, as re-enacted, amended, extended or applied as described in paragraph (i) above, or under any enactment referred to in paragraph (ii) above.
- (b) In this Plan, any reference to a contract, deed, indenture, constitutional document or other agreement includes references to that contract, deed, indenture, constitutional document or other agreement as amended, modified, supplemented, superseded or terminated, on or after the date thereof.
- (c) In this Plan, reference to including and include shall be construed to mean "including without limitation" and "include without limitation" respectively, unless otherwise specified.
- (d) In this Plan, references to a person shall be construed so as to include any individual, firm, company, unincorporated association of persons, government, state or agency of a state or any joint venture, association, partnership, or employee representative body (whether or not having separate legal personality).
- (e) In this Plan, references to INR or Indian Rupees are to the lawful currency in force at the time of the Republic of India.
- (f) Where there is any inconsistency between the definitions set out in Section 3.1 and the definitions set out in any other Section or schedule, then for the purposes of construing such Section or schedule, the definitions set out in such Section or schedule shall prevail.

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- (g) In this Plan:
  - (i) words importing the singular shall include the plural and vice versa; and
  - (ii) References to a person save as otherwise provided in this Plan or save as otherwise may be reasonably inferred shall include the successors or permitted assigns of that person (immediate or otherwise).
- (h) The headings in this Plan do not affect its interpretation and are for convenience only. Any schedule or annex to this Plan shall take effect as if set out in this Plan and references to this Plan shall include its schedules and annexure.
- (i) In this Plan, unless the contrary intention appears, a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item is a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item of this Plan.
- (j) For the purposes of any calculation under this Plan any fraction the will be rounded up or down to the nearest integer.
- (k) In this Plan, any references to "month" shall, unless a contrary intention appears, mean a continuous period of thirty (30) days from (and excluding) the date of the event where applicable, else a calendar month and "year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) months from (and excluding) the date of the event where applicable, else a continuous period of twelve (12) calendar months and "calendar year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) calendar months commencing on January 1<sup>st</sup> and ending on December 31<sup>st</sup>.

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**SECTION 4****AUTHORITY, CEILING AND ADMINISTRATION OF THE ESOP 2021**

- 4.1. The Shareholders in their general meeting held on August 10, 2021 have approved the Grant of such number of Options being not more than the Share Pool of 3,00,000(Three lakh) shares, pursuant to the ESOP 2021, to the Employees and have granted the authority of designing, implementing and administering such Plan to the Nomination & Remuneration Committee in accordance with the provisions hereof as well as the Applicable Laws and under the general direction and supervision by the Board.
- 4.2. The eligibility to participate in the Plan is subject to such criteria as may be decided by the Nomination and Remuneration Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality or any other criteria, as the Nomination and Remuneration Committee determines.
- 4.3. The Nomination & Remuneration Committee shall have the following powers in relation to the ESOP 2021, subject to concurrence by the Board:
- (a) Laying down the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of Change in the Capital Structure;
  - (b) Providing for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave or whose services have been seconded to any other company;
  - (c) Laying down the procedure for cashless exercise, as may be applicable, by the employees upon vesting of shares
  - (d) Such other powers as may be necessary or expedient in connection of the implementation or administration of the Plan.
- 4.4. The Nomination & Remuneration Committee shall interpret the Plan and shall make all other determinations necessary or advisable for its administration. In respect of any issues arising in respect of administration and implementation of the Plan, the decision of the Nomination & Remuneration Committee shall be final and binding on all concerned. The Company/ the Board/ the Nomination & Remuneration Committee shall not be liable for any action or determination made in good faith with respect to the Plan or any Option granted there under.
- 4.5. The Nomination & Remuneration Committee may correct any defect, omission or reconcile any inconsistency in the Plan in the manner and to the extent the Nomination & Remuneration Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of the Plan and take any action which the Board is entitled to take.
- 4.6. The Nomination & Remuneration Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. Company and its Employees, as applicable.

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**SECTION 5**  
**GRANT OF OPTIONS and METHOD OF ACCEPTANCE**

- 5.1 The Nomination & Remuneration Committee may offer the Options to a Grantee in accordance with the terms and conditions of this Plan for the time being in force. The Committee will decide the number of Options to be granted to each Eligible Employee.
- 5.2 During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under SEBI Regulations) of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting.
- 5.3 Subject to the Share pool agreed in the general meeting, the Options may be granted in one or more tranches. Subject to Section 9, each Option will entitle the Participant to one Share of the Company.
- 5.4 The Grant of the Options by the Nomination & Remuneration Committee to the Grantee shall be made in writing and communicated to the Grantee by a Grant Letter. Such a Grant shall state the number of Options Granted, the Exercise Price and the Closing date of accepting the Grant as per the Plan.
- 5.5 The Closing Date of accepting the offer shall be as specified in the Grant Letter. In any event, the Closing Date shall not be more than 30 days from the Grant Date. An offer made under Section 5.1 above is personal to the Grantee and cannot be transferred in any manner whatsoever.
- 5.6 The method of acceptance of the Grant made pursuant to Section 5.1 above, shall be determined in accordance with the Plan. Upon receipt of a duly completed acceptance Form from the Grantee in respect of the Grant, the Grantee will become a Participant.
- 5.7 Subject to the terms contained herein, the acceptance in accordance with this Plan, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.

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## SECTION 6 VESTING SCHEDULE and CONDITIONS

- 6.1 The Options granted to an Employee, in terms of **Schedule 2**, shall vest in an Employee in the manner and subject to the vesting conditions (time and performance) mentioned below.

### Vesting Conditions and Schedule

50% of the total options granted to an employee shall be considered as Time options and balance 50% of the total options granted shall be considered as Performance options.

#### (A) Time Options

The Time Options shall vest in the following manner:

- i. 20% of the options granted shall vest on the first anniversary from the grant date;
- ii. Next 20% of the options granted shall vest on the second anniversary from the grant date;
- iii. Next 20% of the options granted shall vest on the third anniversary from the grant date;
- iv. Next 20% of the options granted shall vest on the fourth anniversary from the grant date;
- v. Balance 20% of the options granted shall vest on the fifth anniversary from the grant date;

#### (B) Performance Options

The Performance Options shall vest annually starting from the first anniversary of the Grant Date, subject to individual performance rating (subject to a maximum of 20% on each anniversary)

The above vesting will be based on the individual performance rating as indicated below

Individual Performance Rating*	Vesting per Year (%) of performance options
Rating 5	20%
Rating 4	15%
Rating 3	10%
Rating 2	0%
Rating 1	0%

\* The performance criteria may be revised at the end of each year as decided by the Nomination & Remuneration Committee in consultation with the management of the company.

- 6.2 Notwithstanding anything mentioned in the Plan and subject to Section 8.3 below, Shares with respect to which an Option is granted under the Plan, that remain unexercised at the expiration, or which are not vested in case of individual performance rating is in the range of 1-4, or which have lapsed (including those having lapsed by way of forfeiture as mentioned above) shall be added back to the number of Options that are pending to be granted. The Company may Grant such Options within the overall limit determined in accordance with the Plan.

- 6.3 Subject to Section 8 below, the Unvested Options shall vest with the Employee in accordance with the ESOP 2021.

- 6.4 Upon vesting, the Vested Options shall be exercisable in accordance with the terms and conditions set forth under the ESOP 2021.



- 6.5 Notwithstanding anything mentioned in the Plan, Options which are not vested shall automatically lapse without surviving rights/ liabilities for any party.
- 6.6 Subject to the SEBI Regulations, and unless the Nomination & Remuneration Committee decides otherwise, no Options shall vest in an Employee, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Nomination & Remuneration Committee/ Company in this regard shall be final and conclusive and cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Section shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee or Director of the Company and shall not apply to the Nominee of the Employee.
- 6.7 Neither the Employee nor any person entitled to exercise Employee's rights in the event of death of the Employee shall be entitled to claim or receive any dividend and right to vote, or in any manner enjoy the benefits as a shareholder of the Company in respect of the Options granted/ vested, till such time as the Shares are transferred pursuant to a valid Exercise of the Options in favor of such Employee or such person.
- 6.8 Notwithstanding anything contained in point 6.1 to 6.7 above, there shall be a minimum period of one year between the grant of options and vesting of option.

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## SECTION 7 EXERCISE OF OPTIONS

- 7.1 Subject to Section 8.3 below, the Employees may Exercise the Options that have vested in them at any time during the Exercise Period by paying the Exercise Price. The Exercise Price for initial grants made under this plan shall be the Market Price of the shares as on the Grant Date of such initial grants.

Provided, if the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

Further, with respect to any subsequent Grants to be made under the Plan, the Exercise Price shall remain as the Exercise price determined while issuing initial Grants under the Plan.

- 7.2 For such Exercise, an Employee shall serve a notice in the form prescribed in Schedule 1 (the "Exercise Notice") to the Company stating the number of the Options the Employee wishes to Exercise and whether such Employee is desirous of undertaking a Cashless Exercise or a Share Exercise.

- 7.3 Upon the receipt of the Exercise Notice:

- (a) Where the Employee opts for a Share Exercise, subject to the tender by the Employee of the Exercise Price and any applicable taxes to the Company/ Trust, the Company/ Trust shall transfer the Underlying Shares to the Employee. The Company shall record such transfer and enter the name of the Employee as a Shareholder in relation to such Underlying Shares upon such Exercise;
- (b) where the Employee opts for a Cashless Exercise, the Nomination and Remuneration Committee/ Company shall make suitable arrangements for appropriate funding through the Trust. The detailed procedure for Cashless Exercise shall be notified by the Nomination & Remuneration Committee from time to time, as may be applicable.

- 7.4 The Employee shall bear all taxes on any Exercise of Options.

- 7.5 Notwithstanding anything contained herein or elsewhere in this Plan, it is hereby clarified that the Company is under no obligation to either buy the Shares or pay any compensation to any Employee under this Section as a result of the inability or unwillingness of the Employee to acquire any Shares, whether due to lack of funds, any restriction under law or otherwise.

- 7.6 Notwithstanding anything contained elsewhere in the Plan, the Nomination & Remuneration Committee and/or the Board may, if the Exercise of Options within the Exercise Period, is prevented by Applicable Law, defer or refuse to permit the Exercise of Options till such time as it is prohibited by the Applicable Law 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. Provided further, that the Board shall have the power and is hereby authorized to cancel all or any of the Options granted under the Plan if so required under any Applicable Law.

- 7.7 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the following methods:



- i) Cheque or demand draft issued in the name of the Company/ Trust; or
- ii) Remittance directly from the Employee's bank to the bank account of the Company/ Trust (wire transfer); or
- iii) Any combination of such methods of payment or any other method acceptable to the Nomination & Remuneration Committee at its sole discretion.

## SECTION 8 TERMINATION OF EMPLOYMENT

### 8.1 Termination by the Company

In the event that the Company terminates an Employee's employment:

- (a) For Cause, all Options, whether Vested or not, shall lapse.
- (b) Without Cause, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable within 90 days from the date of termination of employment and the options not exercised within the aforementioned period shall lapse and the contract referred to in Section 11.14 below shall automatically be terminated without surviving rights/ liabilities for any party.

### 8.2 Resignation by the Employee

On resignation by the Employee, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable in accordance with the terms hereof provided however that the Employee shall be required to Exercise all his/her Vested Option within ninety (90) days of the date of his/her resignation.

### 8.3 Death or Disability

On death or Disability, all Options that are lying unvested in such Employee shall vest immediately in the nominee or legal heir or Employee on the date of termination of employment. All Vested Options shall be exercisable by such nominee or legal heir or Employee within a period of 12 months from the date of vesting or before the expiry of exercise period unless the Nomination & Remuneration Committee decides otherwise. Any vested options not exercised within the aforesaid period shall automatically lapse after the end of aforesaid period.

### 8.4 Retirement

On Retirement, all Performance Options that are lying unvested in such Employee shall lapse and all Time options that are lying unvested in the employee shall vest immediately. The Vested Options shall be exercisable within 90 days from the date of retirement and the contract referred to in Section 11.14 below shall automatically be terminated without surviving rights/ liabilities for any party.

### 8.5 Appointment of Nominee

The Employee shall appoint any person as his/her nominee(s) for the purpose of exercising the rights, subject to the obligations, in terms of the Plan at the time of Grant. The Employee has the right to revoke such nomination at any time and a fresh nomination may be made on such revocation. Notwithstanding contained herein, the nominee(s) specified as aforesaid shall not be entitled to exercise the rights of the Employee concerned and the Company shall not be liable in



relation to any rights and obligations amongst the legal heirs *inter se* of the Employee concerned. In the absence of nomination or in the event of death of the nominee(s) before exercising the options under the Plan, the legal heirs of the Employee shall have the right to Exercise the Options as Vested on the Employee on his death. The determination of who are the legal heirs and/or nominees, as the case may be, of the deceased Employee shall be solely and exclusively at the discretion of the Nomination & Remuneration Committee. Legal heir(s) / successor(s) shall be required to produce all such documents / indemnities as may be required by the Nomination & Remuneration/ Company to prove the succession of the estate of the deceased Employee.

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## SECTION 9 CHANGE IN CAPITAL STRUCTURE

- 9.1 Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Nomination & Remuneration Committee, at its discretion as to number (vested as well as unvested) and price of Options or Shares, as the case may be, in the event of Change in Capital Structure.
- 9.2 The existence of the Plan and the Grants made hereunder shall not in any way affect the right or the power of the Board or the Shareholders or the Company to make, undertake 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.
- 9.3 If there is a Change in the Capital Structure of the Company before any Options Granted under this Plan are Exercised, the number of Shares to which the Employee shall be entitled and rights under such unexercised Options shall be adjusted in the following manner:
- (a) The number of Shares to which the Employee shall be entitled shall be calculated, at the time of the Exercise of the same, as if these unexercised Options are being vested in him/her before such Change in the Capital Structure of the Company. It is hereby clarified that the number of Shares, with respect to which the Options may be Exercised after a Change in the Capital Structure of the Company 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;
  - (b) In case the provisions of Applicable Law restrict/prohibit the issue of Shares at a discount to its par value, the Exercise Price shall not be less than the amount as prescribed under such law.
  - (c) The rights under these Options not Exercised by him/her shall stand correspondingly adjusted.

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**SECTION 10  
AMENDMENT AND TERMINATION OF THE ESOP 2021**

- 10.1 The Nomination & Remuneration Committee in its absolute discretion may from time to time amend, alter or terminate the Plan or any Grant or the terms and conditions thereof subject to the approval of shareholders. Provided that no amendment, alteration or termination in any Grant previously made may be carried out, if it is detrimental to the interests of the Employee without the consent of the concerned Employee. Provided further, that the Board may not, without the approval of the Shareholders, amend the Plan:
- (a) To increase the aggregate number of Shares which may be issued pursuant to the provisions of the Plan on Exercise or surrender of Options or upon Grant;
  - (b) To extend the maximum period during which Grants may be made under the Plan;
  - (c) To reduce the Vesting Period or to amend the vesting conditions;
  - (d) To reduce the Exercise Price
  - (e) To extend the Exercise Period.
- 10.2 Notwithstanding anything to the contrary contained above, the Board may, without any reference to or consent of the Employee concerned, amend the Plan or Grant to comply with the provisions of Applicable Law.

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## SECTION 11 OTHER TERMS AND CONDITIONS

### Notices and correspondence

- 11.1 Any notice required to be given by an Employee/ Nominee to the Company/ the Nomination & Remuneration Committee or any correspondence to be made between an Employee/ Nominee and the Company/ the Nomination & Remuneration Committee may be given or made to the Company/ the Nomination & Remuneration Committee at the registered office/corporate office of the Company or at a place as may be notified by the Company/ the Nomination & Remuneration Committee in writing.
- 11.2 Any notice, required to be given by the Company/ the Nomination & Remuneration Committee to an Employee/ Nominee or any correspondence to be made between the Company/ the Nomination & Remuneration Committee and an Employee/ Nominee shall be given or made by the Company/ the Nomination & Remuneration Committee on behalf of the Company at the address provided by the Employee in his Acceptance Form or Nomination Form.

### Lock-in

- 11.3 The Shares allotted/ transferred pursuant to the Exercise of the Vested Options under Section 7 above shall not be subject to a lock-in unless the Nomination & Remuneration Committee decides otherwise.

### Confidentiality

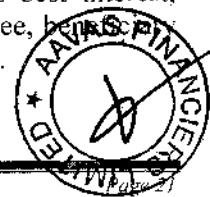
- 11.4 The Employee shall ensure that there is no violation of any regulations relating to insider trading as may be applicable, including the SEBI (Prohibition of Insider Trading Regulations), 2015 (as amended from time to time) and the prevention of any fraudulent or unfair trade practices related to the securities market. The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, Grant, the Allotment Letter or any connected matter. Any violation may result in cancellation of Grant or compulsory retransfer of Shares to a nominee as the Nomination & Remuneration Committee may deem fit without prejudice to the other action which may be taken in this regard.

### Non Transferability of options

- 11.5 Subject to Section 8.3 above, the Options granted herein, are personal to the Employee. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold or otherwise transferred or encumbered by the Employee/ Nominee otherwise than by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

### Corporate Actions

- 11.6 Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan. No Employee, **Certified True Copy** or other Person shall have any claim against the Company as a result of such action.



- 11.7 In case of Corporate Action, the Board shall ensure while taking into consideration the global best practices in this area including the procedures followed by the derivative markets in India and abroad, that the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employees. The decision of the Board on whether such action is necessary and the extent of such action by the Board shall be final and binding. If a change of control shall occur, the Board may make such adjustments at its discretion as are necessary or appropriate in light of the change of control (including, without limitation, the substitution of stock other than stock of the Company as the stock optioned hereunder, and the acceleration of the exercisability of the Options), provided that the Board determines that such adjustments do not have a substantial adverse economic impact on the Employee as determined at the time of the adjustments.

#### **Arbitration**

- 11.8 All disputes arising out of or in connection with this Plan or the Allotment Letter shall be exclusively and irrevocably referred to for arbitration to a sole arbitrator to be appointed by the Company. The arbitration proceedings will be governed by the provisions of the Arbitration and Conciliation Act, 1996 and will be held at Jaipur. The proceedings of arbitration will be in English language. The arbitrators' award will be binding on the parties subject to the Applicable Law, and the award will be enforceable in any competent court of law.

#### **Tenure**

- 11.9 This Plan shall continue in effect unless terminated by the Company/ the Committee. Any such termination of this Plan shall not affect Options/ Shares already granted and such Options/ Shares shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Employee and the Nomination & Remuneration Committee/ the Company.

#### **Regulatory approvals**

- 11.10 The implementation of the Plan, the Grant of any Option as per terms of the Plan and the issuance of any Shares under the Plan shall be subject to the procurement by the Company and the Employee of all approvals and permits required by any regulatory authorities having jurisdiction over the Plan, the Options and the Shares issued pursuant thereto. The Employee under this Plan will, if requested by the Nomination & Remuneration Committee, provide such assurances and representations to the Company or the Nomination & Remuneration Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.
- 11.11 The Board shall make all the relevant disclosures in the Director's Report in relation to the Plan as are required under the SEBI Regulations and other Applicable Laws.
- 11.12 The Company shall follow and confirm to applicable accounting policies issued by the Institute of Chartered Accountants of India from time to time and/or accounting policies as per the SEBI Regulations.

#### **Severability**

- 11.13 In the event that any term, condition or provision of this Plan is 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 Plan and shall be of no force and effect and this Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

#### **Other miscellaneous provisions**

- 11.14 The acceptance in accordance with the terms of the grant letter and the ESOP 2021, of a Grant



made to an employee, shall conclude a contract between the employee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.

- 11.15 Nothing herein is intended to or shall give any Employee any right or status of any kind as a Shareholder by the ESOP 2021 unless the Employee converts the Options into Equity Shares.
- 11.16 No Person other than the Employee to whom the Options are granted shall be entitled to Exercise the Options except in the event of the death or Disability of the Employee. The Employee shall be required to provide the details of the nominee(s) at the time of Grant
- 11.17 The rights granted to an Employee under the ESOP 2021 shall not afford the Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 11.18 The Grant or Vesting of Options pursuant to this ESOP 2021 do not constitute an express or implied promise of continued employment of any Employee for any period at all, and shall not interfere with the Company's right to suspend, retrench, discipline or terminate the Employee's relationship as an Employee at any time with or without Cause.
- 11.19 The Employee shall have no rights as a Shareholder until the name of the Employee has been entered in the register of members of Aavas Financiers as the holder of the Shares provided hereunder to such Employee. The new Shares to be issued and allotted by Aavas Financiers in the manner aforesaid shall rank pari passu in all respects with the then existing Shares.
- 11.20 Nothing contained in the Plan shall be construed to prevent the Company directly or through any trust settled by the Company, from implementing any other new employee ownership plan 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 or any Grant made under the Plan. No Employee or other Person shall have any claim against the Company and/or trust as a result of such action.
- 11.21 Any issue/ transfer of Shares from the Company/ Trust to the Employee in question shall only take place during the exercise window of April 1<sup>st</sup> to May 31<sup>st</sup> (for Exercise Notice received from 16th Feb to 15th May), from July 1<sup>st</sup> to Aug 31<sup>st</sup> (for Exercise Notice received from 16th May to 15th Aug), from Oct 1<sup>st</sup> to Nov 30<sup>th</sup> (for Exercise Notice received from 16th Aug to 15th Nov), and from January 1st to February 28<sup>th</sup> every year (for Exercise Notice received from 16th Nov to 15th Feb). It is clarified that the time-periods set out in this Section for transfer of Shares to the Employee are indicative in nature and the Company shall not be liable in case the said time-periods are not met, with regard to any particular transfer of Shares.
- 11.22 It is the Company's/ Nomination & Remuneration Committee's/Trust's obligation to convey to the Participant/ Nominee that the Shares shall be subject to set-off or counterclaim of amounts owed by the Participant/ Nominee to the Company's/ Nomination & Remuneration Committee's / Trust's, to the extent permitted under Applicable Laws.

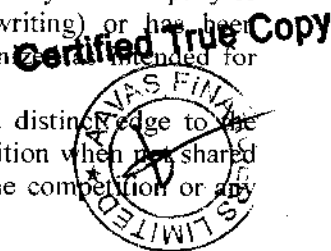
#### 11.23 Covenants of the Grantee

The Grantee confirms that:-

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- i) the Grantee shall not engage himself / herself in activities that have or will have an adverse impact on the reputation of the Company or its subsidiaries or holding company.
- ii) while during employment with the Company or its subsidiaries or holding or Affiliate company, the Grantee shall engage exclusively in the work assigned by the Company or its subsidiaries or holding company, respectively, and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- iii) the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company or its subsidiaries or holding company.
- iv) in consideration of the Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
- v) the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company or its subsidiaries or holding company) or as may be required by the Company or its subsidiaries or holding company.
- vi) the Grantee understands that the Grant of the Option is limited only to the Shares of the Company, and the Grantee shall have no recourse to the shares of any other company of the Company, in any manner whatsoever.
- vii) the Grantee understands that "Confidential Information" means any or all information about the Company or its subsidiaries or holding company that satisfies one or more of the following conditions:
  - a. such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company or its subsidiaries or holding company; or
  - b. such information which is critical, in the Company's opinion, to the Company's current or anticipated business or research and development activities or those of a customer or supplier or associate or channel partner of the Company or its subsidiaries or holding company and the disclosure of the same would affect their competitiveness; or
  - c. such information which either has been identified as confidential by the Company or its subsidiaries or holding company (either orally or in writing) or has been maintained as confidential from outside parties and is recognized as intended for internal disclosures only; or
  - d. such information which either is of a nature that it gives a distinctive edge to the Company or its subsidiaries or holding company over competition when not shared with the competition, or is likely to give any advantage to the competition or any



- other organization / person / group of persons when shared with the organization / person / group of persons; or
- e. such information which is required to be kept confidential by any requirement of law.
- 11.24 No right to a Grant: Neither the adoption of the Plan, nor any action of the Company/ Board/ Nomination & Remuneration Committee/Trust shall be deemed to give an Employee any right to be granted an Option to acquire Shares or to any other rights hereunder except as may be evidenced by a Grant Letter, and only to the extent of and on the terms and conditions expressly set forth therein, or in the Plan as the case may be.
- 11.25 No employment rights conferred: Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his employment at any time.
- 11.26 Transfer or Deputation: Subject to Section 8 above, in the event that a Participant who has been Granted Options under this Plan is transferred or deputed to any Holding Company or Subsidiary Company as defined under the Companies Act, 2013 prior to Vesting or Exercise, the Vesting and/or Exercise as per the terms of Grant shall continue in case of such transferred or deputed Participant even after the transfer or deputation.
- 11.27 Adherence to Applicable Laws: The Participant/ Nominee shall comply with all Applicable Laws.
- 11.28 This Plan shall not confer on any person any legal or equitable rights against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee directly or indirectly or give rise to any cause of action at law or in equity against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee.
- 11.29 The Company shall bear the costs of establishing and administering this Plan, 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.
- 11.30 The Participant shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Trade Practices relating to Securities Market) Regulations 2003, to the extent applicable, as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Participant from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested Options as well as subject the Participant to disciplinary action at the discretion of the Company.
- 11.31 The acceptance of the Grant is entirely voluntary and the Company or the Board/ Committee does not guarantee any return on Shares or Options.
- 11.32 This Plan 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.



- 11.33 Inability to obtain authority: The inability of the Company/Board/ Nomination & Remuneration Committee /Trust to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any shares hereunder shall relieve and wholly discharge the Company/Board/ Nomination & Remuneration Committee /Trust of any and all liability in respect of the failure to issue or sell such shares.

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**SECTION 12**  
**TAX IMPLICATIONS AND DEDUCTION OF TAX**

- 12.1 The Employees have been informed that there may be tax consequences as a result of purchase or disposition of the Shares pursuant to this ESOP 2021. The Employees shall seek independent tax advice and shall not rely upon the Company for any tax advice.
- 12.2 Each Employee shall be solely responsible for any tax or duties or any other levies as may be imposed by the prevailing Applicable Laws on the Options from time to time. In the event of any levy in the form of tax on Stock Options as perquisites or in any other form being imposed on the Company/ Employees in relation to the Options granted under the ESOP 2021, the Employees shall be liable for the same.
- 12.3 The Company/the Trustee shall have the right to deduct/recover from the Employee, in connection with all Grants, any taxes required by law to be deducted at source/paid and to require any payments necessary to enable it to satisfy such obligations. In case of cashless exercise, the Employees will authorize the Company/ Trustee in the format prescribed by the Nomination & Remuneration Committee to discharge the obligation in the respect of tax deduction at source/ recovery of tax paid and appropriate the proceeds thereof on behalf of the Employee.

**Certified True Copy**





## SECTION 13

### GOVERNING LAW & JURISDICTION

- 13.1 The terms and conditions of the ESOP 2021 shall be governed by and construed in accordance with the laws of India and subject to the provisions of Section 11.8 above, to the exclusive jurisdiction of Courts in Jaipur, Rajasthan.
- 13.2 The Employee agrees and acknowledges that the Employee has received and read a copy of the Plan. The Options are subject to the Plan. Any term of the Plan that is contrary to the requirement of the SEBI Regulations or any other Applicable Law, including but not limited to the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder shall not apply to the extent it is contrary.
- 13.3 In order to comply with regulation of any other country or to avail any tax or other benefits, Nomination & Remuneration Committee or Board may at its sole discretion formulate an addendum to this Plan for Employees employed in that country and made applicable to such Employees from the date determined by the Nomination & Remuneration Committee/ Board.

**Adopted by the Board on July 13, 2021**

**Approved by the Shareholders on August 10, 2021**

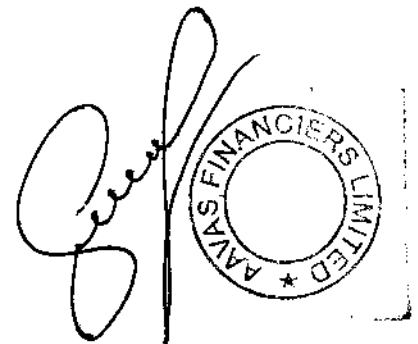
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**EQUITY STOCK OPTION PLAN FOR EMPLOYEES 2022**

**FOR**

**Aavas Financiers Limited**

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**SECTION 1**  
**TITLE AND COMMENCEMENT**

- 1.1. This employee stock option plan shall be called the **Equity Stock Option Plan for Employees 2022** (the **Plan**" or the **"ESOP 2022"**) and shall be applicable to certain employees of Aavas Financiers Limited, a company incorporated under the Companies Act, 1956 and having its Regd. and Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (**"Aavas Financiers"** or the **"Company"**) [and its subsidiaries] as are identified and approved by the board of directors of the Company (the **"Board"**) on May 05, 2022
- 1.2. The approval of shareholders by way of special resolution passed on July 21, 2022 has been obtained by the Company in order to grant Options to Employees of the Company and its subsidiaries.
- 1.3. The ESOP 2022 shall become effective from July 21, 2022 (the **"Effective Date"**).

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## SECTION 2 OBJECTIVE

2.1. Aavas Financiers, a company incorporated under the Companies Act, 1956 and having its Regd. & Corp. office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020, has structured this Plan for its Employees and the Employees of its subsidiary companies subject to obtaining approval of shareholders by passing a special resolution, (as defined under the Companies Act, 2013). The purpose of this Plan is as under:

- a) Create corporate identity- Professionally driven company;
- b) Attain performance targets;
- c) Retention;
- d) To offer an opportunity of sharing the wealth created to those employees who have contributed to creation of wealth of shareholders;
- e) Aligning the objective of the individual with the shareholders interest & Company philosophy and
- f) Loyalty

This purpose is sought to be achieved through the Plan to acquire the Shares of the Company by its Employees.

2.2. Further, the Plan will be implemented, for and on behalf of and at the request of the Subsidiary Companies of Aavas Financiers, for the employees of the Subsidiary Companies subject to obtaining approval of shareholders by passing a special resolution. The purpose of this Plan is to retain and reward the employees of the Subsidiary Companies for high levels of individual performance and for unusual efforts to improve the financial performance of the respective Subsidiary Companies, which will ultimately contribute to the success of the Company. This purpose is sought to be achieved through the issue of options, for and on behalf of, and at the behest of the Subsidiary Companies to their employees.

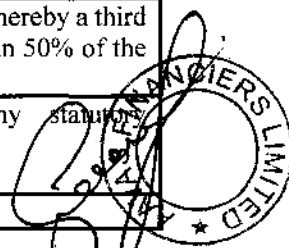
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### SECTION 3 DEFINITIONS AND INTERPRETATION

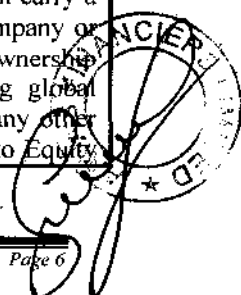
#### 3.1. Definitions

In this Plan, the following expressions including their grammatical variations or cognate expressions shall, where the context so admits, have the following meaning:

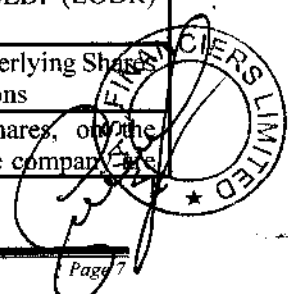
I	<b>Acceptance Form</b>	means the form that the employee has to submit indicating his acceptance of the offer made to him to participate in the Plan;
II	<b>Applicable Laws</b>	means any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, approval, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administrative order having the force of law in India of any of the foregoing by, any Government Authority having jurisdiction over the matter in question.
III	<b>Board</b>	shall have the meaning ascribed to it in Section 1.1.
IV	<b>Cashless Exercise</b>	means the Exercise of Options by an Employee according to the procedure for cashless exercise laid down by the Nomination & Remuneration Committee.
V	<b>Cause</b>	means (a) constant failure of the Employee in the opinion of Nomination & Remuneration Committee to achieve assigned performance targets and objectives, (other than any such failure resulting from retirement, death or Disability), or (b) the Employee engaging in willful, reckless or grossly negligent misconduct which is determined by the Nomination & Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise, or (c) the Employee's pleading guilty to or conviction of a offense involving imprisonment of more than one (1) year, or (d) fraud, moral turpitude, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company to any third party, or (e) employment of the Employee in any other organization, or (f) the Employee engaging, directly or indirectly, in any activity similar to or competing with the business or acquiring an interest in any entity (except to the extent 1% of the total paid up share capital of a public listed company) whose primary business is similar to or competing with the business, or rendering services to any entity or business similar to or competing with the business.
VI	<b>Change in Control</b>	means any, direct or indirect, sale of Equity Securities whereby a third party acquirer (along with any affiliates) holds more than 50% of the Equity Securities of the Company;
VII	<b>Companies Act</b>	means the Companies Act, 2013, including any statutory modifications or re-enactments thereof.
VIII	<b>Company</b>	shall have the meaning ascribed to it in Section 1.1.



IX	<b>Corporate Action</b>	shall have meaning as understood under the SEBI Regulations. Corporate Action shall include Change in Capital structure such as (i) a scheme for merger, reconstitution, consolidation, dissolution, liquidation or reorganization, exchange of Shares, share swaps, sale of all or substantially all of the assets of the Company (ii) any stock dividend, stock split, reverse stock split, stock combination, rights issue, bonus issues or other changes in the capital structure of the Company or (iii) any other event which in the judgment of the Board necessitates action of making a fair and reasonable adjustment to the number of Options and/ or to the Exercise Price, such adjustment shall be made in a manner that the total value of the Options remains the same after the Corporate Action or (iv) any change in control or (v) any divestment of the shareholding of the company.
X	<b>Director</b>	means a director appointed to the board of a company.
XI	<b>Disability</b>	means a total and permanent physical or mental incapacity of an Employee to perform his/her duties.
XII	<b>Effective Date</b>	shall have the meaning ascribed to it in Section 1.2.
XIII	<b>Employees</b>	means: <ul style="list-style-type: none"> <li>(a) a permanent employee, of the Company working in India or out of India; or</li> <li>(b) director of the company, whether whole-time director or not but excluding an independent director; or</li> <li>(c) an employee as defined in clause (a) or (b) of a subsidiary, in India or outside India, or of a Holding Company of the company, if any; but does not include- <ul style="list-style-type: none"> <li>i. an employee who is a promoter or a person belonging to the promoter group, or</li> <li>ii. a director, who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of the Company.</li> </ul> </li> </ul>
XIV	<b>Eligible Employees</b>	for the purpose of this Plan means the identified Employee(s) as per Section 4.2 below
XV	<b>Equity Securities</b>	means the Equity Shares, preferred shares, bonds, loans, warrants, rights, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase Equity Shares of the Company or any instrument or certificate representing a beneficial ownership interest in the Equity Shares of the Company, including global depository receipts and American depository receipts and any other security issued by the Company, even if not convertible into Equity

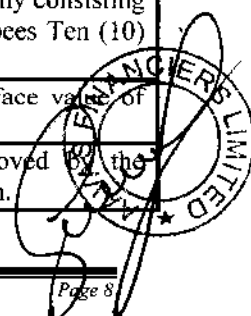


		Shares, that derives its value and/or return based on the financial performance of the Company or its Equity Shares.
XVI	<b>ESOP 2022 or the Plan</b>	shall have the meaning ascribed to it in Section 1.1
XVII	<b>Exercise</b>	means making of an application by an employee to the company for issue of shares against vested options in pursuance of this Plan, accompanied by the Exercise Price payable for such Shares.
XVIII	<b>Exercise Period</b>	means a period of four 4 years from the date of each Vesting of Stock Options.
XIX	<b>Exercise Price</b>	means the price, if any, payable by the employee for exercising the option in pursuance of the plan.
XX	<b>Exercise Window</b>	means the period during the year in which the Employees can Exercise their Stock Options.
XXI	<b>General meeting</b>	means a General Meeting (including an Extraordinary General Meeting) of the Shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable Laws;
XXII	<b>Government Authority</b>	means (a) central, state, city, municipal or local government, governmental authority or political subdivision thereof having jurisdiction; or (b) any agency or instrumentality of any of the authorities referred to in sub-clause (a); or (c) any regulatory or administrative authority, body or other organization having jurisdiction, to the extent that the rules, regulations, standards, requirements, procedures or orders of such authority, body or other organization have the force of the Applicable Law; or (d) any Court or tribunal having jurisdiction.
XXIII	<b>Grant</b>	means the process by which the company issues options under the plan
XXIV	<b>Grant Date</b>	means the date on which the Nomination & Remuneration Committee approves the Grant
XXV	<b>Grant Letter</b>	means the letter under which the grant of options has been or will be made to an employee in the specified form.
XXVI	<b>Grantee</b>	shall mean an Eligible Employee having a right but not an obligation to exercise an option in pursuance of this Plan
XXVII	<b>Group</b>	means two or more companies which, directly or indirectly, are in a position to - (a) exercise 26% or more of the voting rights in the other company; or (b) appoint more than 50% of the members of the board of directors in the other company; or (c) control the management or affairs of the other company.
XXVIII	<b>Holding Company</b>	means a Company defined under section 2(46) the Companies Act, 2013;
XXIX	<b>Independent Director</b>	means the Independent Director as defined under SEBI (LODR) Regulations 2015
XXX	<b>Lock-in Period</b>	means period in which there is restriction on sale of Underlying Shares issued to Employee pursuant to Exercise of Stock Options
XXXI	<b>Market Price</b>	means the latest available closing price of the shares, on the Recognized stock exchange on which the shares of the company are





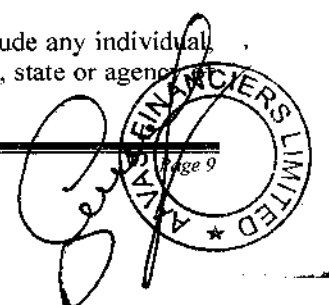
		listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.
XXXII	<b>Nominee</b>	means the person or persons, trust or trusts designated by the Employee, or in the absence of any designation by the Employee, a person or persons who is/are entitled by the will or probate of the Employee to receive the benefits specified in the Plan, the legal heirs of the Employee, if the Employee dies intestate and includes the Employee's executors or administrator, if no other Beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof;
XXXIII	<b>Nomination &amp; Remuneration Committee</b>	the Nomination & Remuneration Committee shall be a committee of such members of the board of directors of the company as provided under section 178 of the Companies Act, 2013 as amended or modified from time to time.
XXXIV	<b>Option or Stock Option</b>	means the Option given to an Employee which gives him a right to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre-determined price. Subject to Section 9 of the Plan, each option will entitle the Employee to one Share of the Company.
XXXV	<b>Participant</b>	means a Grantee who accepts the Grant from the Company/ Nomination & Remuneration Committee/ Trust to participate in this Plan pursuant to Section 5 below.
XXXVI	<b>Promoter</b>	means promoter as defined under the SEBI Regulations;
XXXVII	<b>Promoter Group</b>	means promoter group as defined under the SEBI Regulations;
XXXVIII	<b>Relative</b>	means relative defined under the SEBI Regulations;
XXXIX	<b>Recognized Stock Exchange</b>	means recognized stock exchange as defined under Securities Contracts (Regulation) Act, 1956
XL	<b>Retirement</b>	means retirement as per the rules of the company
XLI	<b>Resultant Share</b>	means the Equity Shares issued in lieu of shares of the Company on any Change in Capital Structure as mentioned in this Plan.
XLII	<b>SEBI Regulations</b>	means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021) as amended from time to time.
XLIII	<b>SEBI (LODR) Regulations 2015</b>	Means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time.
XLIV	<b>Share Capital</b>	means the issued and paid up share capital of the Company consisting of 7,89,46,394 Equity Shares having face value of Rupees Ten (10) per share.
XLV	<b>Shares or Equity Shares</b>	means equity shares of the Company with a current face value of Indian Rupees Ten (10) per equity share.
XLVI	<b>Share Pool</b>	means the total number of Stock Options as approved by the Shareholders in the general meeting pursuant to this Plan.



XLVII	<b>Shareholders</b>	means registered shareholder of a share in the share capital of the company.
XLVIII	<b>Subsidiary Company</b>	means a Company defined under section 2(87) the Companies Act, 2013;
XLIX	<b>Trust</b>	means a trust which may be established, under the provisions of Indian Trusts Act, 1882 including any statutory modification or re-enactment thereof, for implementing any of the Plans covered by these regulations.
L	<b>Trust Deed</b>	means the trust deed under which Aavas Financiers Limited has appointed the Trustees.
LI	<b>Trustee</b>	means the trustee of the Trust appointed pursuant to the Trust Deed.
LII	<b>Termination date</b>	means the date of termination of the employment of the employee with the group or the extended group, as the case may be.
LIII	<b>Unvested option</b>	Means an option which is not a vested option.
LIV	<b>Underlying Shares</b>	means the Shares underlying the Options on the basis of one Option entitling an Employee to one Share.
LV	<b>Vesting</b>	means the process by which the employee becomes entitled to receive the benefit of a grant made under this plan.
LVI	<b>Vesting Date</b>	means the respective dates on and from which the option vests with the employee and thereby becomes exercisable.
LVII	<b>Vesting Period</b>	means the period during which the vesting of option granted under the plan takes place.

### 3.2. Interpretation

- (a) In this Plan (unless the context requires otherwise), any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to:
  - (i) that enactment as amended, extended or applied by or under any other enactment before, on or after the date of this Plan; and
  - (ii) any subordinate legislation (including regulations) made (before, on or after the date of this Plan) under that enactment, as re-enacted, amended, extended or applied as described in paragraph (i) above, or under any enactment referred to in paragraph (ii) above.
- (b) In this Plan, any reference to a contract, deed, indenture, constitutional document or other agreement includes references to that contract, deed, indenture, constitutional document or other agreement as amended, modified, supplemented, superseded or terminated, on or after the date thereof.
- (c) In this Plan, reference to including and include shall be construed to mean "including without limitation" and "include without limitation" respectively, unless otherwise specified.
- (d) In this Plan, references to a person shall be construed so as to include any individual, firm, company, unincorporated association of persons, government, state or agency.



a state or any joint venture, association, partnership, or employee representative body (whether or not having separate legal personality).

- (e) In this Plan, references to INR or Indian Rupees are to the lawful currency from time to time of the Republic of India.
- (f) Where there is any inconsistency between the definitions set out in Section 3.1 and the definitions set out in any other Section or schedule, then for the purposes of construing such Section or schedule, the definitions set out in such Section or schedule shall prevail.
- (g) In this Plan:
  - (i) words importing the singular shall include the plural and vice versa; and
  - (ii) References to a person save as otherwise provided in this Plan or save as otherwise may be reasonably inferred shall include the successors or permitted assigns of that person (immediate or otherwise).
- (h) The headings in this Plan do not affect its interpretation and are for convenience only. Any schedule or annex to this Plan shall take effect as if set out in this Plan and references to this Plan shall include its schedules and annexure.
- (i) In this Plan, unless the contrary intention appears, a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item is a reference to a recital, Section, sub-Section, paragraph, subparagraph, schedule or item of this Plan.
- (j) For the purposes of any calculation under this Plan any fraction the will be rounded up or down to the nearest integer.
- (k) In this Plan, any references to "month" shall, unless a contrary intention appears, mean a continuous period of thirty (30) days from (and excluding) the date of the event where applicable, else a calendar month and "year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) months from (and excluding) the date of the event where applicable, else a continuous period of twelve (12) calendar months and "calendar year" shall, unless a contrary intention appears, mean a continuous period of twelve (12) calendar months commencing on January 1<sup>st</sup> and ending on December 31<sup>st</sup>.



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**SECTION 4****AUTHORITY, CEILING AND ADMINISTRATION OF THE ESOP 2022**

- 4.1. The Shareholders in their general meeting held on July 21, 2022 have approved the Grant of such number of Options being not more than the Share Pool of 8,50,000 (Eight Lakh Fifty Thousand) shares, pursuant to the ESOP 2022, to the Employees and have granted the authority of designing, implementing and administering such Plan to the Nomination & Remuneration Committee in accordance with the provisions hereof as well as the Applicable Laws and under the general direction and supervision by the Board.
- 4.2 The eligibility to participate in the Plan is subject to such criteria as may be decided by the Nomination and Remuneration Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality or any other criteria, as the Nomination and Remuneration Committee determines.
- 4.3 The Nomination & Remuneration Committee shall have the following powers in relation to the ESOP 2022, subject to concurrence by the Board:
- (a) Laying down the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of Change in the Capital Structure;
  - (b) Providing for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave or whose services have been seconded to any other company;
  - (c) Laying down the procedure for cashless exercise, as may be applicable, by the employees upon vesting of shares
  - (d) Such other powers as may be necessary or expedient in connection of the implementation or administration of the Plan.
- 4.4 The Nomination & Remuneration Committee shall interpret the Plan and shall make all other determinations necessary or advisable for its administration. In respect of any issues arising in respect of administration and implementation of the Plan, the decision of the Nomination & Remuneration Committee shall be final and binding on all concerned. The Company/ the Board/ the Nomination & Remuneration Committee shall not be liable for any action or determination made in good faith with respect to the Plan or any Option granted there under.
- 4.5 The Nomination & Remuneration Committee may correct any defect, omission or reconcile any inconsistency in the Plan in the manner and to the extent the Nomination & Remuneration Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of the Plan and take any action which the Board is entitled to take.
- 4.6 The Nomination & Remuneration Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company and its Employees, as applicable.



**SECTION 5**  
**GRANT OF OPTIONS and METHOD OF ACCEPTANCE**

- 5.1 The Nomination & Remuneration Committee may offer the Options to a Grantee in accordance with the terms and conditions of this Plan for the time being in force. The Committee will decide the number of Options to be granted to each Eligible Employee.
- 5.2 During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under SEBI Regulations) of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting.
- 5.3 Subject to the Share pool agreed in the general meeting, the Options may be granted in one or more tranches. Subject to Section 9, each Option will entitle the Participant to one Share of the Company.
- 5.4 The Grant of the Options by the Nomination & Remuneration Committee to the Grantee shall be made in writing and communicated to the Grantee by a Grant Letter. Such a Grant shall state the number of Options Granted, the Exercise Price and the Closing date of accepting the Grant as per the Plan.
- 5.5 The Closing Date of accepting the offer shall be as specified in the Grant Letter. In any event, the Closing Date shall not be more than 30 days from the Grant Date. An offer made under Section 5.1 above is personal to the Grantee and cannot be transferred in any manner whatsoever.
- 5.6 The method of acceptance of the Grant made pursuant to Section 5.1 above, shall be determined in accordance with the Plan. Upon receipt of a duly completed acceptance Form from the Grantee in respect of the Grant, the Grantee will become a Participant.
- 5.7 Subject to the terms contained herein, the acceptance in accordance with this Plan, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.
- 5.8 No amount shall be payable by the option grantee at the time of grant.



## SECTION 6 VESTING SCHEDULE and CONDITIONS

- 6.1 The Options granted to an Employee, in terms of **Schedule 2**, shall vest in an Employee in the manner and subject to the vesting conditions (time and performance) mentioned below.

### Vesting Conditions and Schedule

50% of the total options granted to an employee shall be considered as Time options and balance 50% of the total options granted shall be considered as Performance options.

#### (A) Time Options

The Time Options shall vest in the following manner:

- i. 20% of the options granted shall vest on the first anniversary from the grant date;
- ii. Next 20% of the options granted shall vest on the second anniversary from the grant date;
- iii. Next 20% of the options granted shall vest on the third anniversary from the grant date;
- iv. Next 20% of the options granted shall vest on the fourth anniversary from the grant date;
- v. Balance 20% of the options granted shall vest on the fifth anniversary from the grant date;

#### (B) Performance Options

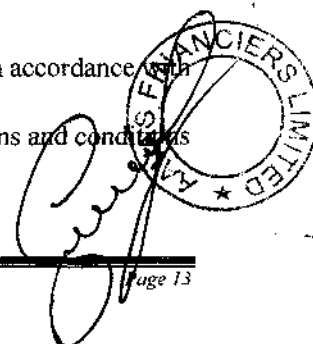
The Performance Options shall vest annually starting from the first anniversary of the Grant Date, subject to individual performance rating (subject to a maximum of 20% on each anniversary)

The above vesting will be based on the individual performance rating as indicated below

Individual Performance Rating*	Vesting per Year (%) of performance options
Rating 5	20%
Rating 4	15%
Rating 3	10%
Rating 2	0%
Rating 1	0%

\* The performance criteria may be revised at the end of each year as decided by the Nomination & Remuneration Committee in consultation with the management of the company.

- 6.2 Notwithstanding anything mentioned in the Plan and subject to Section 8.3 below, Shares with respect to which an Option is granted under the Plan, that remain unexercised at the expiration, or which are not vested in case of individual performance rating is in the range of 1-4, or which have lapsed (including those having lapsed by way of forfeiture as mentioned above) or cancelled shall be added back to the number of Options that are pending to be granted. The Company may Grant such Options within the overall limit determined in accordance with the Plan.
- 6.3 Subject to Section 8 below, the Unvested Options shall vest with the Employee in accordance with the ESOP 2022.
- 6.4 Upon vesting, the Vested Options shall be exercisable in accordance with the terms and conditions set forth under the ESOP 2022.



- 6.5 Notwithstanding anything mentioned in the Plan, Options which are not vested shall automatically lapse without surviving rights/ liabilities for any party.
- 6.6 Subject to the SEBI Regulations, and unless the Nomination & Remuneration Committee decides otherwise, no Options shall vest in an Employee, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Nomination & Remuneration Committee/ Company in this regard shall be final and conclusive and cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Section shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee or Director of the Company and shall not apply to the Nominee of the Employee.
- 6.7 Neither the Employee nor any person entitled to exercise Employee's rights in the event of death of the Employee shall be entitled to claim or receive any dividend and right to vote, or in any manner enjoy the benefits as a shareholder of the Company in respect of the Options granted/ vested, till such time as the Shares are transferred pursuant to a valid Exercise of the Options in favor of such Employee or such person.
- 6.8 Notwithstanding anything contained in point 6.1 to 6.7 above, there shall be a minimum period of one year between the grant of options and vesting of option.

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## SECTION 7 EXERCISE OF OPTIONS

- 7.1 Subject to Section 8.3 below, the Employees may Exercise the Options that have vested in them at any time during the Exercise Period by paying the Exercise Price. The Exercise Price for grants made under this plan shall be the Market Price of the shares as on the Grant Date.

Provided, if the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

- 7.2 For such Exercise, an Employee shall serve a notice in the form prescribed in **Schedule 1** (the "**Exercise Notice**") to the Company stating the number of the Options the Employee wishes to Exercise and whether such Employee is desirous of undertaking a Cashless Exercise or a Share Exercise.

- 7.3 Upon the receipt of the Exercise Notice:

- (a) Where the Employee opts for a Share Exercise, subject to the tender by the Employee of the Exercise Price and any applicable taxes to the Company/ Trust, the Company/ Trust shall transfer the Underlying Shares to the Employee. The Company shall record such transfer and enter the name of the Employee as a Shareholder in relation to such Underlying Shares upon such Exercise;
- (b) where the Employee opts for a Cashless Exercise, the Nomination and Remuneration Committee/ Company shall make suitable arrangements for appropriate funding through the Trust. The detailed procedure for Cashless Exercise shall be notified by the Nomination & Remuneration Committee from time to time, as may be applicable.

- 7.4 The Employee shall bear all taxes on any Exercise of Options.

- 7.5 Notwithstanding anything contained herein or elsewhere in this Plan, it is hereby clarified that the Company is under no obligation to either buy the Shares or pay any compensation to any Employee under this Section as a result of the inability or unwillingness of the Employee to acquire any Shares, whether due to lack of funds, any restriction under law or otherwise.

- 7.6 Notwithstanding anything contained elsewhere in the Plan, the Nomination & Remuneration Committee and/or the Board may, if the Exercise of Options within the Exercise Period, is prevented by Applicable Law, defer or refuse to permit the Exercise of Options till such time as it is prohibited by the Applicable Law 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. Provided further, that the Board shall have the power and is hereby authorized to cancel all or any of the Options granted under the Plan if so required under any Applicable Law.

- 7.7 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the following methods:

- i) Cheque or demand draft issued in the name of the Company/ Trust; or
- ii) Remittance directly from the Employee's bank to the bank account of the Company/ Trust (wire transfer); or
- iii) Any combination of such methods of payment or any other method acceptable to the Nomination & Remuneration Committee at its sole discretion.





## **SECTION 8 TERMINATION OF EMPLOYMENT**

### **8.1 Termination by the Company**

In the event that the Company terminates an Employee's employment:

- (a) For Cause, all Options, whether Vested or not, shall lapse.
- (b) Without Cause, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable within 90 days from the date of termination of employment and the options not exercised within the aforementioned period shall lapse and the contract referred to in Section 11.14 below shall automatically be terminated without surviving rights/ liabilities for any party.

### **8.2 Resignation by the Employee**

On resignation by the Employee, all Options that are lying unvested in such Employee shall lapse. Vested Options shall not lapse and shall be exercisable in accordance with the terms hereof provided however that the Employee shall be required to Exercise all his/her Vested Option within ninety (90) days of the date of his/her resignation.

### **8.3 Death or Disability**

On death or Disability, all Options that are lying unvested in such Employee shall vest immediately in the nominee or legal heir or Employee on the date of termination of employment. All Vested Options shall be exercisable by such nominee or legal heir or Employee within a period of 12 months from the date of vesting or before the expiry of exercise period unless the Nomination & Remuneration Committee decides otherwise. Any vested options not exercised within the aforesaid period shall automatically lapse after the end of aforesaid period.

### **8.4 Retirement**

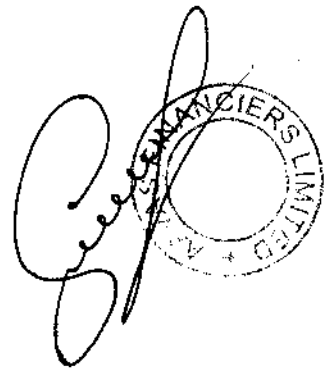
On Retirement, all Options (Performance and Time) that are lying unvested in such Employee shall continue to vest in accordance with the respective vesting schedule, even after retirement or superannuation in accordance with the company's policies and as decided by Nomination and Remuneration Committee.

### **8.5 Appointment of Nominee**

The Employee shall appoint any person as his/her nominee(s) for the purpose of exercising the rights, subject to the obligations, in terms of the Plan at the time of Grant. The Employee has the right to revoke such nomination at any time and a fresh nomination may be made on such revocation. Notwithstanding contained herein, the nominee(s) specified as aforesaid shall alone be entitled to exercise the rights of the Employee concerned and the Company shall not be liable in relation to any rights and obligations amongst the legal heirs *inter se* of the Employee concerned. In the absence of nomination or in the event of death of the nominee(s) before exercising the options under the Plan, the legal heirs of the Employee shall have the right to Exercise the Options as Vested on the Employee on his death. The determination of who are the legal heirs and/or nominees, as the case may be, of the deceased Employee shall be solely and exclusively at the discretion of the Nomination & Remuneration Committee. Legal heir(s) / successor(s) shall be required to



produce all such documents / indemnities as may be required by the Nomination & Remuneration/  
Company to prove the succession of the estate of the deceased Employee.

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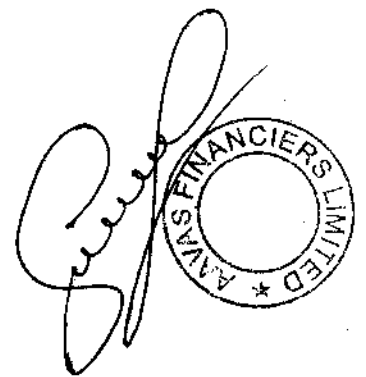
## SECTION 9 CHANGE IN CAPITAL STRUCTURE

- 9.1 Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Nomination & Remuneration Committee, at its discretion as to number (vested as well as unvested) and price of Options or Shares, as the case may be, in the event of Change in Capital Structure.
- 9.2 The existence of the Plan and the Grants made hereunder shall not in any way affect the right or the power of the Board or the Shareholders or the Company to make, undertake 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.
- 9.3 If there is a Change in the Capital Structure of the Company before any Options Granted under this Plan are Exercised, the number of Shares to which the Employee shall be entitled and rights under such unexercised Options shall be adjusted in the following manner:
- (a) The number of Shares to which the Employee shall be entitled shall be calculated, at the time of the Exercise of the same, as if these unexercised Options are being vested in him/her before such Change in the Capital Structure of the Company. It is hereby clarified that the number of Shares, with respect to which the Options may be Exercised after a Change in the Capital Structure of the Company 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;
  - (b) In case the provisions of Applicable Law restrict/prohibit the issue of Shares at a discount to its par value, the Exercise Price shall not be less than the amount as prescribed under such law.
  - (c) The rights under these Options not Exercised by him/her shall stand correspondingly adjusted.

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**SECTION 10**  
**AMENDMENT AND TERMINATION OF THE ESOP 2022**

- 10.1 The Nomination & Remuneration Committee in its absolute discretion may from time to time amend, alter or terminate the Plan or any Grant or the terms and conditions thereof subject to the approval of shareholders. Provided that no amendment, alteration or termination in any Grant previously made may be carried out, if it is detrimental to the interests of the Employee without the consent of the concerned Employee. Provided further, that the Board may not, without the approval of the Shareholders, amend the Plan:
- (a) To increase the aggregate number of Shares which may be issued pursuant to the provisions of the Plan on Exercise or surrender of Options or upon Grant;
  - (b) To extend the maximum period during which Grants may be made under the Plan;
  - (c) To reduce the Vesting Period or to amend the vesting conditions;
  - (d) To reduce the Exercise Price
  - (e) To extend the Exercise Period.
- 10.2 Notwithstanding anything to the contrary contained above, the Board may, without any reference to or consent of the Employee concerned, amend the Plan or Grant to comply with the provisions of Applicable Law.

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## **SECTION 11 OTHER TERMS AND CONDITIONS**

### **Notices and correspondence**

- 11.1 Any notice required to be given by an Employee/ Nominee to the Company/ the Nomination & Remuneration Committee or any correspondence to be made between an Employee/ Nominee and the Company/ the Nomination & Remuneration Committee may be given or made to the Company/ the Nomination & Remuneration Committee at the registered office/corporate office of the Company or at a place as may be notified by the Company/ the Nomination & Remuneration Committee in writing.
- 11.2 Any notice, required to be given by the Company/ the Nomination & Remuneration Committee to an Employee/ Nominee or any correspondence to be made between the Company/ the Nomination & Remuneration Committee and an Employee/ Nominee shall be given or made by the Company/ the Nomination & Remuneration Committee on behalf of the Company at the address provided by the Employee in his Acceptance Form or Nomination Form.

### **Lock-in**

- 11.3 The Shares allotted/ transferred pursuant to the Exercise of the Vested Options under Section 7 above shall not be subject to a lock-in unless the Nomination & Remuneration Committee decides otherwise.

### **Confidentiality**

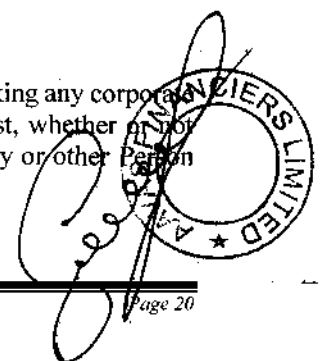
- 11.4 The Employee shall ensure that there is no violation of any regulations relating to insider trading as may be applicable, including the SEBI (Prohibition of Insider Trading Regulations), 2015 (as amended from time to time) and the prevention of any fraudulent or unfair trade practices related to the securities market. The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, Grant, the Allotment Letter or any connected matter. Any violation may result in cancellation of Grant or compulsory retransfer of Shares to a nominee as the Nomination & Remuneration Committee may deem fit without prejudice to the other action which may be taken in this regard.

### **Non Transferability of options**

- 11.5 Subject to Section 8.3 above, the Options granted herein, are personal to the Employee. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold or otherwise transferred or encumbered by the Employee/ Nominee otherwise than by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

### **Corporate Actions**

- 11.6 Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan. No Employee, beneficiary or other Person shall have any claim against the Company as a result of such action.



- 11.7 In case of Corporate Action, the Board shall ensure while taking into consideration the global best practices in this area including the procedures followed by the derivative markets in India and abroad, that the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employees. The decision of the Board on whether such action is necessary and the extent of such action by the Board shall be final and binding. If a change of control shall occur, the Board may make such adjustments at its discretion as are necessary or appropriate in light of the change of control (including, without limitation, the substitution of stock other than stock of the Company as the stock optioned hereunder, and the acceleration of the exercisability of the Options), provided that the Board determines that such adjustments do not have a substantial adverse economic impact on the Employee as determined at the time of the adjustments.

#### **Arbitration**

- 11.8 All disputes arising out of or in connection with this Plan or the Allotment Letter shall be exclusively and irrevocably referred to for arbitration to a sole arbitrator to be appointed by the Company. The arbitration proceedings will be governed by the provisions of the Arbitration and Conciliation Act, 1996 and will be held at Jaipur. The proceedings of arbitration will be in English language. The arbitrators' award will be binding on the parties subject to the Applicable Law, and the award will be enforceable in any competent court of law.

#### **Tenure**

- 11.9 This Plan shall continue in effect unless terminated by the Company/ the Committee. Any such termination of this Plan shall not affect Options/ Shares already granted and such Options/ Shares shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Employee and the Nomination & Remuneration Committee/ the Company.

#### **Regulatory approvals**

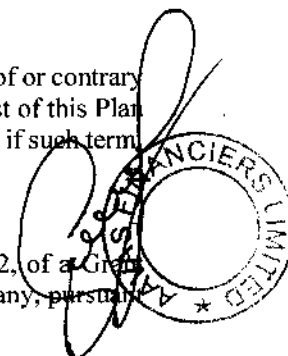
- 11.10 The implementation of the Plan, the Grant of any Option as per terms of the Plan and the issuance of any Shares under the Plan shall be subject to the procurement by the Company and the Employee of all approvals and permits required by any regulatory authorities having jurisdiction over the Plan, the Options and the Shares issued pursuant thereto. The Employee under this Plan will, if requested by the Nomination & Remuneration Committee, provide such assurances and representations to the Company or the Nomination & Remuneration Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.
- 11.11 The Board shall make all the relevant disclosures in the Director's Report in relation to the Plan as are required under the SEBI Regulations and other Applicable Laws.
- 11.12 The Company shall follow and confirm to applicable accounting policies issued by the Institute of Chartered Accountants of India from time to time and/or accounting policies as per the SEBI Regulations.

#### **Severability**

- 11.13 In the event that any term, condition or provision of this Plan is 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 Plan and shall be of no force and effect and this Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

#### **Other miscellaneous provisions**

- 11.14 The acceptance in accordance with the terms of the grant letter and the ESOP 2022, of a Grant made to an employee, shall conclude a contract between the employee and the Company, pursuant

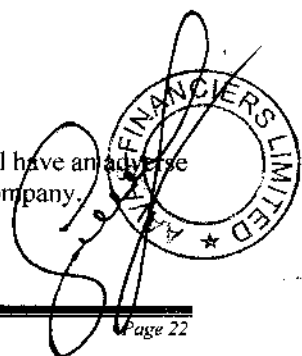


to which each Option shall, on such acceptance, be an Unvested Option.

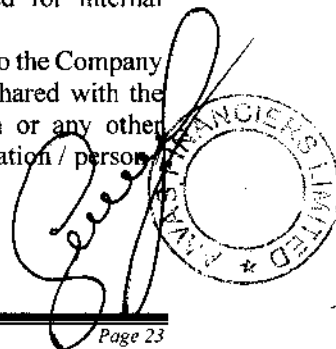
- 11.15 Nothing herein is intended to or shall give any Employee any right or status of any kind as a Shareholder by the ESOP 2022 unless the Employee converts the Options into Equity Shares.
- 11.16 No Person other than the Employee to whom the Options are granted shall be entitled to Exercise the Options except in the event of the death or Disability of the Employee. The Employee shall be required to provide the details of the nominee(s) at the time of Grant
- 11.17 The rights granted to an Employee under the ESOP 2022 shall not afford the Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 11.18 The Grant or Vesting of Options pursuant to this ESOP 2022 do not constitute an express or implied promise of continued employment of any Employee for any period at all, and shall not interfere with the Company's right to suspend, retrench, discipline or terminate the Employee's relationship as an Employee at any time with or without Cause.
- 11.19 The Employee shall have no rights as a Shareholder until the name of the Employee has been entered in the register of members of Aavas Financiers as the holder of the Shares provided hereunder to such Employee. The new Shares to be issued and allotted by Aavas Financiers in the manner aforesaid shall rank pari passu in all respects with the then existing Shares.
- 11.20 Nothing contained in the Plan shall be construed to prevent the Company directly or through any trust settled by the Company, from implementing any other new employee ownership plan 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 or any Grant made under the Plan. No Employee or other Person shall have any claim against the Company and/or trust as a result of such action.
- 11.21 Any issue/ transfer of Shares from the Company/ Trust to the Employee in question shall only take place during the exercise window of April 1<sup>st</sup> to May 31<sup>st</sup> (for Exercise Notice received from 16th Feb to 15th May), from July 1<sup>st</sup> to Aug 31<sup>st</sup> (for Exercise Notice received from 16th May to 15th Aug), from Oct 1<sup>st</sup> to Nov 30<sup>th</sup> (for Exercise Notice received from 16th Aug to 15th Nov), and from January 1st to February 28<sup>th</sup> every year (for Exercise Notice received from 16th Nov to 15th Feb). It is clarified that the time-periods set out in this Section for transfer of Shares to the Employee are indicative in nature and the Company shall not be liable in case the said time-periods are not met, with regard to any particular transfer of Shares.
- 11.22 It is the Company's/ Nomination & Remuneration Committee's/Trust's obligation to convey to the Participant/ Nominee that the Shares shall be subject to set-off or counterclaim of amounts owed by the Participant/ Nominee to the Company's/ Nomination & Remuneration Committee's / Trust's, to the extent permitted under Applicable Laws.
- 11.23 **Covenants of the Grantee**

The Grantee confirms that:-

- i) the Grantee shall not engage himself / herself in activities that have or will have an adverse impact on the reputation of the Company or its subsidiaries or holding company.



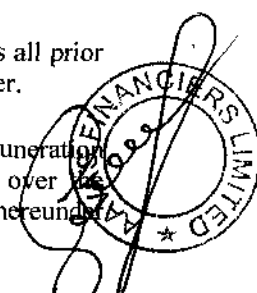
- ii) while during employment with the Company or its subsidiaries or holding or Affiliate company, the Grantee shall engage exclusively in the work assigned by the Company or its subsidiaries or holding company, respectively, and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- iii) the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company or its subsidiaries or holding company.
- iv) in consideration of the Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
- v) the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company or its subsidiaries or holding company) or as may be required by the Company or its subsidiaries or holding company.
- vi) the Grantee understands that the Grant of the Option is limited only to the Shares of the Company, and the Grantee shall have no recourse to the shares of any other company of the Company, in any manner whatsoever.
- vii) the Grantee understands that "Confidential Information" means any or all information about the Company or its subsidiaries or holding company that satisfies one or more of the following conditions:
  - a. such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company or its subsidiaries or holding company; or
  - b. such information which is critical, in the Company's opinion, to the Company's current or anticipated business or research and development activities or those of a customer or supplier or associate or channel partner of the Company or its subsidiaries or holding company and the disclosure of the same would affect their competitiveness; or
  - c. such information which either has been identified as confidential by the Company or its subsidiaries or holding company (either orally or in writing) or has been maintained as confidential from outside parties and is recognized as intended for internal disclosures only; or
  - d. such information which either is of a nature that it gives a distinct edge to the Company or its subsidiaries or holding company over competition when not shared with the competition, or is likely to give any advantage to the competition or any other organization / person / group of persons when shared with the organization / person / group of persons; or



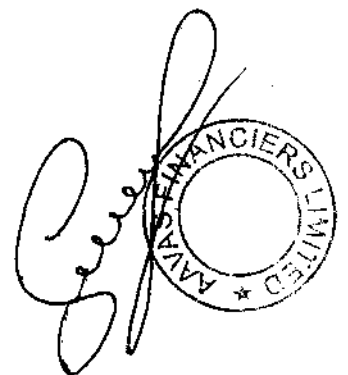
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- e. such information which is required to be kept confidential by any requirement of law.
- 11.24 No right to a Grant: Neither the adoption of the Plan, nor any action of the Company/ Board/ Nomination & Remuneration Committee/Trust shall be deemed to give an Employee any right to be granted an Option to acquire Shares or to any other rights hereunder except as may be evidenced by a Grant Letter, and only to the extent of and on the terms and conditions expressly set forth therein, or in the Plan as the case may be.
- 11.25 No employment rights conferred: Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his employment at any time.
- 11.26 Transfer or Deputation: Subject to Section 8 above, in the event that a Participant who has been Granted Options under this Plan is transferred or deputed to any Holding Company or Subsidiary Company as defined under the Companies Act, 2013 prior to Vesting or Exercise, the Vesting and/or Exercise as per the terms of Grant shall continue in case of such transferred or deputed Participant even after the transfer or deputation.
- 11.27 Adherence to Applicable Laws: The Participant/ Nominee shall comply with all Applicable Laws.
- 11.28 This Plan shall not confer on any person any legal or equitable rights against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee directly or indirectly or give rise to any cause of action at law or in equity against the Company/ Board/ Nomination & Remuneration Committee/ Trust/ Trustee.
- 11.29 The Company shall bear the costs of establishing and administering this Plan, 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.
- 11.30 The Participant shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Trade Practices relating to Securities Market) Regulations 2003, to the extent applicable, as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Participant from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested Options as well as subject the Participant to disciplinary action at the discretion of the Company.
- 11.31 The acceptance of the Grant is entirely voluntary and the Company or the Board/ Committee does not guarantee any return on Shares or Options.
- 11.32 This Plan 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.
- 11.33 Inability to obtain authority: The inability of the Company/Board/ Nomination & Remuneration Committee /Trust to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any shares hereunder



shall relieve and wholly discharge the Company/Board/ Nomination & Remuneration Committee /Trust of any and all liability in respect of the failure to issue or sell such shares.

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**SECTION 12**  
**TAX IMPLICATIONS AND DEDUCTION OF TAX**

- 12.1 The Employees have been informed that there may be tax consequences as a result of purchase or disposition of the Shares pursuant to this ESOP 2022. The Employees shall seek independent tax advice and shall not rely upon the Company for any tax advice.
- 12.2 Each Employee shall be solely responsible for any tax or duties or any other levies as may be imposed by the prevailing Applicable Laws on the Options from time to time. In the event of any levy in the form of tax on Stock Options as perquisites or in any other form being imposed on the Company/ Employees in relation to the Options granted under the ESOP 2022, the Employees shall be liable for the same.
- 12.3 The Company/the Trustee shall have the right to deduct/recover from the Employee, in connection with all Grants, any taxes required by law to be deducted at source/paid and to require any payments necessary to enable it to satisfy such obligations. In case of cashless exercise, the Employees will authorize the Company/ Trustee in the format prescribed by the Nomination & Remuneration Committee to discharge the obligation in the respect of tax deduction at source/ recovery of tax paid and appropriate the proceeds thereof on behalf of the Employee.

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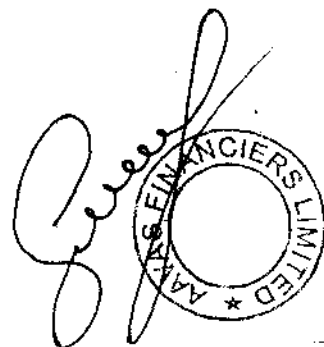
## SECTION 13

### GOVERNING LAW & JURISDICTION

- 13.1 The terms and conditions of the ESOP 2022 shall be governed by and construed in accordance with the laws of India and subject to the provisions of Section 11.8 above, to the exclusive jurisdiction of Courts in Jaipur, Rajasthan.
- 13.2 The Employee agrees and acknowledges that the Employee has received and read a copy of the Plan. The Options are subject to the Plan. Any term of the Plan that is contrary to the requirement of the SEBI Regulations or any other Applicable Law, including but not limited to the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder shall not apply to the extent it is contrary.
- 13.3 In order to comply with regulation of any other country or to avail any tax or other benefits, Nomination & Remuneration Committee or Board may at its sole discretion formulate an addendum to this Plan for Employees employed in that country and made applicable to such Employees from the date determined by the Nomination & Remuneration Committee/ Board.

**Adopted by the Board on May 05, 2022**

**Approved by the Shareholders on July 21, 2022**

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**PERFORMANCE STOCK OPTION PLAN-2023 (PSOP-2023)**

**FOR**

**Aavas Financiers Limited**

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## **Aavas Financiers Limited**

### **Performance Stock Option Plan-2023 (PSOP-2023)**

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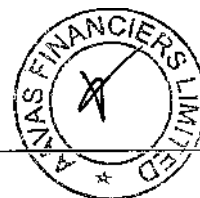
## 1. Name, Objective and Term of the Plan

- 1.1 This Plan shall be called '**Aavas Financiers Limited - Performance Stock Option Plan-2023**' ("Plan" or "**PSOP- 2023**").
- 1.2 The objective of PSOP- 2023 is to reward the eligible Employees of the Company- present or future) for their performance and to motivate them to contribute to the growth and profitability of the Company. The Plan aims to attract, retain and reward talent in the organisation. The Company views Performance Stock Options as a means that would enable the employees to get a share in the value they create for the Company in future.
- 1.3 This Plan has been formulated by the Board of Aavas Financiers Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 and has received approval of its Shareholders by way of a Special Resolution passed on November 06, 2023 through Postal Ballot in order to grant Options to its Employees.
- 1.4 Nomination and Remuneration Committee may, subject to compliance with Applicable Laws currently applicable to the Company and required approvals, if any, at any time alter, amend, suspend or terminate this PSOP 2023.
- 1.5 This PSOP 2023 shall become effective from November 06, 2023 ("Effective Date") and this PSOP 2023 shall continue to be in effect unless terminated at any time at the sole discretion of the Board and/ or Nomination and Remuneration Committee in accordance with applicable law but without the consent of and without notice to the Eligible Employees. Any such termination or expiry of this PSOP 2023 shall not affect the Grant, Vesting or Exercise of the Options already issued under this PSOP 2023.

## 2. Definitions and Interpretation

### 2.1 Definitions

- i. "**Abandonment**" shall mean discontinuation of employment by a Grantee without giving notice or without serving a period of notice as specified by the Company from time to time and in accordance;
- ii. "**Act**" means the Securities and Exchange Board of India Act, 1992 (hereinafter may be referred as 'SEBI') together with the statutory modifications, amendments or re-enactments thereof from time to time;
- iii. "**Applicable Law**" means any prevailing Act, Rule or Regulation relating to Employee Stock Options, including and without limitation to the Companies Act, 2013, Securities and Exchange Board of India Act, 1992, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, Companies (Share Capital and Debenture) Rules, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (each as amended from time to time), and all relevant tax, securities, exchange control or corporate laws of India, or amendments thereof or of any relevant jurisdiction or of any Recognised Stock Exchange on which the Shares are Listed or quoted;
- iv. "**Associate Company**" means any Associate Company (present or future) as defined under section 2(6) of the Companies Act, 2013;



- v. **"Beneficiary" or "Nominee"** shall mean the person or persons, trust or trusts designated by the Employee, or in the absence of any designation by the Employee, a person or persons who is/ are entitled by the will or probate of the Employee to receive the benefits specified in this Plan, the legal heirs of the Employee, if the Employee dies intestate and includes the Employee's executors or administrator, if no other Beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of any powers conferred under this Plan or any other agreements forming part thereof;
- vi. **"Board"** shall mean the board of directors of the Company, constituted in accordance with the incorporation documents of the Company and as may be constituted/ re-constituted in accordance with the Applicable Laws from time to time and shall include a committee of the board of directors as may be authorized to take certain decisions and / or perform certain actions as delegated to it by the board of directors;
- vii. **"Cause"** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or terms of employment amounting to misconduct or breach of terms of employment as determined by the Board after giving the Employee an opportunity of being heard. This may include the following scenario or any other scenario as may be determined by the Board or Committee of the Board.
  - (i) constant failure of the Employee in the opinion of the Board/Committee to achieve assigned performance targets and objectives;
  - (ii) gross negligence, wilful misconduct or insubordination of the Employee in connection with the performance of his duties and obligations towards the Company, which is detrimental to the Interest of the Company or any of its affiliates, monetarily or otherwise;
  - (iii) breach by the Employee of any terms of his employment agreement or the Company's policies or other documents or directions of Company including the reasons of non-performance;
  - (iv) fraud, moral, turpitude, misfeasance, breach of trust or wrongful disclosure of any secret and confidential information about of the Company or any of its affiliates to any third party;
  - (v) participating or abetting a strike in contravention of any law for the time being in force;
  - (vi) Misconduct as provided under the labour laws after following the principles of natural justice;
  - (vii) the Employee's pleading guilty to or conviction of a offense involving imprisonment of more than one (1) year;
  - (viii) While in employment with the Company, employee is in employment of the any other organization not being a Group Company or Affiliated company;
- viii. **"Closing Date"** shall mean the last date on which the offer of Options by the Company to a Grantee can be accepted. In case the last date is a non-working day, then it shall be the immediately following working day;
- ix. **"Committee" or "Nomination and Remuneration Committee"** means Nomination and Remuneration Committee of the Board ("NRC") as constituted in accordance with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and section 178 of the Companies Act, 2013, as amended from time to time and will also constitute and act





as the compensation committee for the purposes of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

- x. **"Companies Act"** means the Companies Act, 2013 and rules made thereunder and include any statutory modifications or re-enactments thereof;
- xi. **"Company"** means 'Aavas Financiers Limited', a company incorporated and registered under the Companies Act, 1956 having its registered office 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 and having its Corporate Identity Number: L65922RJ2011PLC03429;
- xii. **"Control"** shall have the same meaning as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- xiii. **"Director"** shall have the same meaning as defined under section 2(34) of the Companies Act, 2013;
- xiv. **"Eligible Employee"** for the purpose of this Plan shall mean an Employee and as identified in accordance with Clause 5 of this Plan;
- xv. **"Employee"** means-
  - (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
  - (ii) a director of the Company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or
  - (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including Subsidiary or its Associate company, in India or outside India, or of a Holding company of the Company but does not include—
    - (a) an employee who is a promoter or a person belonging to the promoter group; or
    - (b) a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the Company;
- xvi. **"Equity Shares"** means fully paid-up Equity Shares of the Company;
- xvii. **"Exercise"** means making of an application by an Employee/Beneficiary to the Company for issue of Equity Shares against Vested Options in pursuance of this Plan, in accordance with the procedure laid down by the Company for such exercise and on payment of Exercise Price;
- xviii. **"Exercise Application"** shall mean the application form for the purpose of enabling the Employee/ Beneficiary to apply to the Company for exercising the Vested Options in accordance with Clause 8 of this Plan and substantially in the form provided for the Options issued in pursuance of this Plan;
- xix. **"Exercise Period"** shall mean the time period after Vesting within which the Employee/ Beneficiary should Exercise his right to apply for Shares against the Vested Option in pursuance of this Plan;



- xx. **"Exercise Price"** means the price, if any, payable by the Employee for exercising the Vested Option granted to him in pursuance of the Plan;
- xxi. **"General Meeting"** means an annual general meeting or an extraordinary general meeting of the members of the Company held by the Company in accordance with the Articles of Association and Applicable Laws;
- xxii. **"Grant"** means the process by which the Company issues Options to the Employees under the Plan;
- xxiii. **"Grant Date"** shall mean the date on which the Options are approved and granted to the Employee by the Company in pursuance of this Plan;
- xxiv. **"Grantee"** shall mean an Eligible Employee who is the recipient of Letter of Grant on the Grant Date in furtherance of a Grant;
- xxv. **"Group"** means two or more companies which, directly or indirectly, are in a position to—  
(i) exercise twenty-six per cent or more of the voting rights in the other company; or  
(ii) appoint more than fifty per cent of the members of the Board of Directors in the other company; or  
(iii) control the management or affairs of the other company;
- xxvi. **"Holding Company"** means a holding company (present or future) as defined in sub-section (46) of section 2 of the Companies Act;
- xxvii. **"Insider"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- xxviii. **"Independent Director"** shall have the same meaning assigned to it under the provisions of Companies Act, 2013 read together with the rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- xxix. **"Key Managerial Personnel"** shall have the same meaning as defined under section 2(51) of the Companies Act, 2013;
- xxx. **"Letter of Grant"** shall mean the letter issued by the Company, substantially in the form provided for this Plan intimating an Eligible Employee of the Options granted to such Eligible Employee for acquiring a specified number of Shares at the Exercise Price and as per the Vesting Conditions described therein;
- xxxi. **"Long Leave"** means a sanctioned leave in excess of 90 days without break. Long Leave shall exclude Maternity Leave;
- xxxii. **"Performance Stock Option" or "Option"** means the option given to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares underlying the option at a pre-determined price;
- xxxiii. **"Permanent Disability/Incapacity"** means any disability/incapacity of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or



handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Plan Administrator;

- xxxiv. **"Plan Administrator"** means Head, Human Resource of the Company and/or Company Secretary of the Company or any other roleholder(s) authorised by Committee from time to time to take necessary administrative steps in order to implement, supervise and administer the Plan;
- xxxv. **"Promoter"** shall have the same meaning as assigned to the term under the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended read with Companies Act;
- xxxvi. **"Promoter Group"** shall have the same meaning assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
- xxxvii. **"PSOP - 2023" or "Plan"** means the Aavas Financiers Limited- Performance Stock Option Plan-2023 under which the Company is authorized to grant Performance Stock Options to the Employees;
- xxxviii. **"Relative"** shall have the same meaning as defined under section 2(77) of the Companies Act;
- xxxix. **"Retirement"** means retirement as per the policies/rules of the Company;
- xl. **"SEBI"** means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992;
- xli. **"SEBI (SBEB and Sweat Equity) Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended and re-enacted from time to time and includes any clarifications or circulars issued thereunder;
- xlii. **"Secretarial Auditor"** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Section 204 of the Companies Act;
- xliii. **"Securities"** means securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956;
- xliv. **"Shares"** means Equity Shares of the Company;
- xlv. **"Shareholder"** shall mean the registered holder of a Share from time to time;
- xlvi. **"Stock Exchange or Recognized stock exchange"** means the National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange Limited (BSE) or any other Recognized stock exchange in India on which the Company's Shares are listed or to be listed in future and shall have the same meaning attributed to it under Section 2(j) of the Securities Contracts (Regulation) Act, 1956, as amended;
- xlvii. **"Subsidiary"** means a subsidiary of the Company (present or future) as per the definition under Section 2 (87) of the Companies Act, 2013;



- xlvi. **"Tax" or "Taxes"** shall mean any income tax, perquisite tax, fringe benefits tax or any other taxes, or any levy or any contribution or any sums due (by whatever name it is called) imposed on the Company or on an Eligible Employee, with respect to the Grant, Vesting and/ or Exercise of the Options in pursuance of this Plan;
- xlix. **"Unvested Option"** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Grantee has not become eligible to exercise the Option;
  - i. **"Vesting"** means process by which the Employee/Beneficiary becomes entitled to apply for Shares against the Options granted in pursuance of this Plan;
  - ii. **"Vesting Date"** shall mean the respective dates on and from which the Option Vests with the Employee/ Beneficiary and thereby becomes exercisable in pursuance of this Plan;
  - iii. **"Vesting Period"** means the period during which the vesting of the Option granted to the Employee, in pursuance of the Plan takes place;
  - lii. **"Vested Option"** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee/Beneficiary has become eligible to exercise the Option;

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Companies Act, 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 (read with applicable circulars, notifications etc.), as amended from time to time, the Securities Contracts (Regulation) Act, 1956, or the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any statutory modification or re-enactment thereof, as the case may be.

## 2.2 Interpretation

- i. In this Plan, unless the contrary intention appears:
  - a) words importing a particular gender include any other gender;
  - b) words using the singular or plural number also include the plural or singular number, respectively;
  - c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Plan and not to any particular Clause, sub-Clause or section of this Plan;
  - d) whenever this Plan refers to a number of days, such number shall refer to calendar days unless otherwise specified;
  - e) any reference to any statute or statutory provision shall include:
    - all subordinate legislation made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated); and
    - such statute or provision as may be amended, modified, re-enacted or consolidated.
  - f) headings and captions are used for convenience only and shall not affect the interpretation of this Plan;
  - g) references to Recitals, Clauses, sub-Clauses and Appendices shall be deemed to be a reference to the recitals, clauses, sub-clauses and schedules/ appendices of this Plan;
  - h) reference to a Clause number shall also include reference to all its sub-Clauses;
  - ii. In the event of any inconsistency between the provisions of this Plan and the provisions of the employment offer letter or employment agreement of the Eligible Employee, the provisions of this Plan shall prevail.



- iii. In the event of any inconsistency between the provisions of this Plan and the Articles of Association, then the provisions of the Articles of Association shall prevail and be deemed to have been incorporated herein by reference.
- iv. In the event of any inconsistency between the provisions of this Plan and the SEBI Regulations, then the provisions of SEBI Regulations shall prevail and be deemed to have been incorporated herein by reference.

### **3. Authority**

- 3.1 Subject to Clause 10.1 and 10.2 of the Plan, the shareholders of the Company by way of special resolution passed through Postal Ballot dated November 06, 2023 approved the Plan authorizing the Committee to Grant not exceeding 3,50,000 Options to the eligible Employees in one or more tranches, from time to time, which represents approximately 0.44% of the Issued, subscribed and fully paid up Equity Share Capital of the Company as on September 28, 2023 with each such Option conferring a right upon the Employees to apply for one Share in the Company in accordance with the terms and conditions as may be decided under the Plan.
- 3.2 The maximum number of Options that shall be granted to any specific Employee(s) of the Company under this Plan, in any financial year shall not be equal to or exceed 1% of the issued share capital (excluding outstanding warrants and conversions) of the Company, if the prior specific approval from members of the Company through a special resolution to this effect is not obtained.
- 3.3 If an Option expires, lapses, gets cancelled, surrendered or becomes un-exercisable due to any reason/s, it shall be brought back to the Options' pool and shall become available for future Grants, subject to compliance with the provisions of Applicable Law.
- 3.4 Where Shares are allotted consequent upon Exercise of an Option under the Plan, the maximum number of Shares that can be allotted under Plan as referred to in Clause 3.1 above shall stand reduced to the extent of such Shares allotted.

### **4. Administration**

- 4.1 The Plan shall be administered by the Committee working under the powers delegated by the Board. The Committee is authorized to, interpret, administer this Plan, to establish, amend and rescind any rules and regulations relating to this Plan, and to make any other determinations that it deems necessary or desirable for the administration and implementation of this Plan subject to approval of the Shareholders as may be required. The Committee may correct any defect, omission or reconcile any inconsistency in this Plan in the manner and to the extent the Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of this Plan and take any action which the Board is entitled to take in relation thereto. No member of the Committee may act upon matters under this Plan specifically relating to such member of the Committee.
- 4.2 The acts of majority of the members of the Committee present at any meeting (at which the quorum is present) or acts approved in writing by a majority of the entire Committee shall be the acts of the Committee for the purpose of the Plan. Any decision of the Board/ Committee in the interpretation and administration of this Plan, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Employee, Grantee, Nominee and their Beneficiaries and successors). The Company (including the Nomination and Remuneration Committee) shall not be liable for any action or determination made in good faith with respect to this Plan or any Option granted thereunder.
- 4.3 Subject to compliance with Applicable Laws and limitations set out in the Plan, the Committee shall upon the advice of Plan Administrator or otherwise, do the following:



- a) Adopt rules and regulations for implementing the Plan from time to time;
- b) Identify the Employees eligible to participate under the Plan;
- c) Grant Options to the identified Employees and determine the Grant Date;
- d) Determine the quantum of the Options, shares or benefits as the case may be, to be granted under the Plan per Employee and in aggregate;
- e) Determine the number of additional Options to be granted to the Employees from time to time;
- f) Determine the conditions under which Options, shares or other benefits as the case may be, may vest in employees and may lapse in case of termination of employment for misconduct;
- g) Determine whether an Employee has been terminated for Cause;
- h) Notify the Employee/Beneficiary if the Options become eligible for Exercise;
- i) Determine the right of an Employee to Exercise all the Vested Options at one time or various points in time when the Options have become capable of being Exercised;
- j) Determine and notify the Exercise Period within which the employee can exercise the Options and when the Options would lapse on failure to exercise the same within the Exercise Period;
- k) Determine the specified time period within which Employees shall exercise the vested Options in the event of termination or resignation;
- l) Where any corporate actions may warrant adjustment to the number of Options and/ or the Exercise Price, refer such matters to the Board;
- m) Determine the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of 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, the following shall, inter alia, be taken into consideration by the Committee:
  - i. the number and price of Options shall be adjusted in a manner such that total value to the employee of the options remains the same after the corporate action;
  - ii. the vesting period and the life of the Options shall be left unaltered as far as possible to protect the rights of the employee(s) who is granted such Options;
- n) Determine the grant, vesting and exercise of shares or Options in case of Employees who are on long leave;
- o) Refer to the Board any decision to amend the Grant, Vesting and/ or Exercise of Options for Employees who are on long leave;
- p) Refer to the Board for any decision to alter/ modify the vesting schedule and/ or Exercise Price for subsequent Grants;
- q) Refer to the Board for any decision to alter/ amend the Plan subject to Clause 10 of the Plan;
- r) Determine the procedure for buy-back of specified securities (as defined under Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018) issued under the SEBI (SBEB and Sweat Equity) Regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
  - i. permissible sources of financing for buy-back;
  - ii. Any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
  - iii. Limits upon quantum of specified securities that the Company may buy-back in a financial year.
- s) Take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan or the administration or interpretation thereof;
- t) Decide all other matters that must be determined in connection with a Grant under the Plan;
- u) Construe and interpret the terms of the Plan, and the Options granted pursuant to the Plan;
- v) Refer to the Board any issue arising as a result of any inconsistency in the Plan, unless such inconsistency is of an administrative nature only; and
- w) Perform such other functions and duties as shall be required under the Applicable Laws.
- x) Define the procedure for cashless Exercise of Option in accordance with the Applicable Law and Regulations, if required;



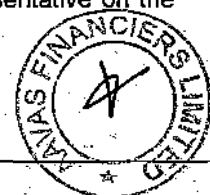
- 4.4 Under the overall authority of the Committee, the Plan Administrator shall be authorised and responsible to take necessary administrative steps in order to implement, supervise and administer the plan, including: -
- i. Determine employee-wise number of grants for Committee's approval
  - ii. Issue, amend, modify the Grant Letters to Grantees
  - iii. Compute Vesting of Options as per the Plan basis level of performance achievement
  - iv. Accept nomination forms/exercise notices from Grantees
  - v. Execute, sign and deliver all letters, correspondence, certificates, undertaking and other deeds and documents on behalf of the Company for any purpose incidental or ancillary to the Plan
  - vi. Appoint any consultant, lawyer, professional etc. for any legal opinion, advice, views or to represent the Company before any statutory or non- statutory authority. Also, appoint valuer / chartered accountant as may be required.
  - vii. Do all such acts, deeds and things as may be required to be done to implement and administer the Plan or any other matter connected thereto under the Authority of the Committee.
  - viii. Approve forms, writings and/or agreements for use in pursuance of the Plan.
- 4.5 The Committee shall frame suitable policies and procedures to ensure that there is no violation of Companies Act, 2013 securities laws including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, each as amended, by the Company and its Employees, as and when such Regulations are made applicable to the Company.

## **5. Eligibility and Applicability**

- 5.1 Only Employees within the meaning of this Plan are eligible for being granted Options under this Plan. The specific Employees to whom the Options would be granted and their eligibility criteria would be determined by the Committee.
- 5.2 The appraisal process for determining the eligibility of the Employee will be determined by the Committee from time to time and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Committee from time to time.
- 5.3 Based on the eligibility criteria as described in Clause 5.2 above of this Plan, the Committee at its sole discretion will decide the Employees eligible for Grant of Options under this Plan and accordingly, the Company acting through the Committee would Grant the Options to the identified Employees under the Plan.
- 5.4 The Plan shall be applicable to the Company and any successor Company thereof, or Subsidiary Companies and may be granted to the Employees and Directors of the Company as defined under Clause 2.1 (xiv) above, or its Subsidiary Company, as determined by the Committee at its own discretion.

**Provided that** in case of any Grant of Option to the Employees of its Subsidiary Companies, prior approval of the shareholders shall be obtained as per provisions of the Applicable Law.

- 5.5 Where the Employee is a Director nominated by an institution as its representative on the Board of Directors of the Company -



- i the contract or agreement entered into between the institution nominating its employee as the Director of the Company, and the Director so appointed shall, inter alia, specify the following:
  - a. whether the Options granted by the Company under the Plan can be accepted by the said Employee in his capacity as Director of the Company;
  - b. that Options if granted to the Director, shall not be renounced in favour of the nominating institution; and
  - c. the conditions subject to which fees, commissions, other incentives, etc. can be accepted by the Director from the Company.
- ii the institution nominating its employee as a Director of the Company shall file a copy of the contract or agreement with the Company, which shall, in turn file the copy with all the Stock Exchanges on which its Shares are listed.
- iii the Director so appointed shall furnish a copy of the contract or agreement at the first Board meeting of the Company attended by him after his nomination.

## **6. Grant and Acceptance of Grant**

### **6.1 Grant of Options**

- i. Grants contemplated under the Plan shall be made on such day and month as decided by the Committee at its discretion.
- ii. Subject to the overall limit prescribed in Clause 3.1 of this Plan, the Options may be granted in one or more tranches as may be determined by the Board of Directors of the Company (including Nomination and Remuneration Committee) over a period of three (3) years from the effective date of the plan.
- iii. The Grant of the Options by the Company to the Grantee shall be made in writing or through any other electronic medium identified by the Company and communicated to the Grantee by a Letter of Grant along with the copy of the Plan. The Letter of Grant shall specify the details of the Grant date, number of Options, the Vesting Period, schedule of Vesting, conditions for Vesting, the Exercise Price, Exercise Period and any other terms and conditions that the Committee may deem necessary.
- iv. Except for provisions mentioned in clause 8.2 (b), a Grant made under this Clause is personal to the Grantee, should be treated as confidentially by the Grantee and cannot be transferred in any manner whatsoever.
- v. In case if the Grantee qualifies as Key Managerial Personnel (KMP) or Senior Management Personnel (SMP) as defined under the RBI Guidelines on Compensation of KMP and SMP, as amended from time to time, Options granted shall be subject to Malus and Claw-back as defined under the Remuneration policy, applicable for KMP and SMP, of the Company.

### **6.2 Acceptance of the Grant**

Any eligible Employee who wishes to accept the Grant made under this Plan must deliver to the Company an acceptance of the letter of Grant on or before the Closing Date which shall not be more than 60 days from the date of the Grant, in a manner as specified in the Letter of Grant. On receipt by the Company of the acceptance, the eligible Employee will become an Option Grantee.





- 6.3 Any eligible Employee, who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above, shall be deemed to have rejected the Grant unless the Committee determines otherwise.

## 7. Vesting Schedule and Vesting Conditions

- 7.1 Subject to Clause 8.2(b) of the Plan, the minimum vesting period shall be 1 (one) year from the date of grant.

**Provided** that in case where Options are granted by the Company under this Plan in lieu of options held by a person under a similar Plan in another company ("Transferor Company") which has merged or amalgamated with the Company, the period during which the options granted by the Transferor Company were held by him may be adjusted against the minimum Vesting Period required under this Sub-clause.

- 7.2 Unless otherwise specified in Letter of Grant, the total Options granted shall become Eligible to Vest as per following schedule:

- 25% of Option granted shall become Eligible to Vest on First anniversary of Grant Date
- 25% of Option granted shall become Eligible to Vest on Second anniversary of Grant Date
- 25% of Option granted shall become Eligible to Vest on Third anniversary of Grant Date
- 25% of Option granted shall become Eligible to Vest on Fourth anniversary of Grant Date

The maximum vesting period under the Plan should not exceed 5 (five) years from the date of grant.

Further, subject to continued employment and achievement of performance conditions, the above Eligible Options shall Vest in accordance with Clause 7.3 to 7.8 below. For the purpose of determining number of options to vest in any given tranche, fractional Options may be rounded off to nearest whole number. Such rounding off may be offsetted in the last vesting such that total number of options to vest doesn't exceed number of options granted.

- 7.3 At the date of Grant, Committee will set annual performance targets/parameters to be achieved by the Company for the first year of Vesting and thereafter Committee in first quarter of every Financial Year shall set annual performance targets/parameters for each subsequent year of Vesting.

- 7.4 The Vesting will be based on the following performance targets/ parameters namely:

- i. Profitability- Profit After Tax;
- ii. Asset Quality-Gross Non-Performing Assets; and
- iii. Other parameters, if any, as the Committee may determine

The weightage of each of the above targets/parameter shall be decided by the Committee and shall be communicated to the Grantee through the Letter of Grant. Further, for the purpose of determining vesting of any tranche, the performance achievement vis-à-vis target for the immediately corresponding financial year would be considered.

- 7.5 The Committee may add or replace the above with any other Company performance financial targets/parameter aligned to long term shareholder value creation from time to time.



- 7.6 Options shall Vest based on the Company's overall performance of the above targets/parameters calculated for each metric separately and shall be subject to below performance-vesting relationship:

Type of performance	Actual performance (% of target)	Vesting of Options (% of Eligible to Vest Options)
Below Threshold	<80%	0%
Threshold	80%	80%
Target or above	100% or more	100%
Between Threshold and Target	Straight line interpolation between 80% to 100% performance. For example, at 86% performance, vesting to be 86% of Eligible Options.	

- 7.7 Options which do not Vest on Vesting date on account of non-fulfilment of performance targets shall automatically lapse, without any obligations whatsoever on the Company (including the Board or Committee) and no rights in that regard will accrue to the Employee after such date. Such Unvested Options shall brought back/revert to the PSOP 2023 pool and may be granted at the discretion of the Board or Committee to any other Eligible Employee.
- 7.8 Subject to Applicable Laws, and unless the Committee decides otherwise, no Options shall vest in an Employee, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Company or any activity related to the business carried on by the Company. Decision of the Committee in this regard shall be final and conclusive and cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee and shall not apply to the Nominee/Beneficiary of the Employee.
- 7.9 Notwithstanding anything otherwise contained in this Plan and Subject to Clause 8.2 below, as a prerequisite for a valid Vesting, an Option Grantee is required to be in employment or service of the Company and not serving notice on the Vesting Date and must not be subject to any disciplinary proceedings pending against him on Vesting Date. In case of any disciplinary proceedings against any Option Grantee, the Committee can keep the relevant Vesting in abeyance until disposal of the proceedings and such Vesting shall be determined accordingly.

## 8. Exercise of Options

### 8.1 Exercise Price & condition:

- The exercise price of grant shall be the Face Value of the Equity Share of the Company i.e INR 10/- per Equity Share.
- Subject to terms of this Plan and subject to Applicable Laws, an Employee/ Beneficiary can Exercise Vested Options only within the exercise period only by applying to the Company during the Exercise Period, by way of an Exercise Application and upon payment of the Exercise Price and applicable Taxes.
- The Plan Administrator can decide the procedure for the exercise of Options and Allotment of Shares.



- iv. No Vested Option shall be exercisable in its fractional form and each Option entitles the Employee/Beneficiary thereof to apply for and be allotted 1 (one) Share each on the payment of the Exercise Price and applicable taxes during the Exercise Period, subject to the terms and conditions specified in the Letter of Grant.
- v. No amount shall be payable by the Option Grantee at the time of Grant and hence no amount is required to be forfeited even if an Employee does not Exercise the Options within Exercise Period and accordingly no adjustment is required to be made for the same.
- vi. Exercise of the Vested Options shall take place at the time and place designated by the Plan Administrator and by executing such documents as may be required under the Applicable Laws and the terms of this Plan to pass a valid title of the relevant Shares to the Employee/ Nominee, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein.
- vii. A Vested Option shall be deemed to be validly exercised only when the Plan Administrator receives written and physical or electronically signed notice of Exercise Application form along with the proof of payment of applicable taxes by the Employee/ Beneficiary and, subject to Clause 15 of this Plan, the full payment of the Exercise Price, taxes (wherever arising) and any other sums due referred to in Clause 15 to the Company as per this Plan in respect of Exercise of the Option ('Aggregate Exercise Price').
- viii. The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the following methods:
  - a) Cheque or demand draft issued in the name of the Company; or
  - b) Remittance directly from the Employee's bank to the bank account of the Company (wire transfer) as the Plan Administrator may specify; or
  - c) Through Company ESOP Application/software (Payment gateway, online transfer)
  - d) Any combination of such methods of payment or any other method acceptable to the Plan Administrator at its sole discretion and stipulated in the Plan;
- ix. At the time of allotment/ transfer of Shares pursuant to a valid Exercise, the Employee/ Beneficiary may be required to sign or execute such documents as may be considered necessary by the Committee or Plan Administrator to lawfully execute/ enforce various provisions of this Plan.
- x. The Plan Administrator shall endeavour to ensure that the process of allotment/ transfer of Shares to the Employee/Beneficiary who has validly exercised his Vested Options is completed within a reasonable period of time from the time of receiving the Exercise Application by the Plan Administrator.
- xi. Notwithstanding anything else contained in this Plan and, if the Employee/ Nominee does not Exercise his Vested Options within the time period as specified by terms of this Plan, the Options shall automatically lapse at the end of the aforesaid period without any obligations whatsoever on the Company (including the Board and/ or Committee) and no rights in that regard will accrue to the Employee after such date.
- xii. Subject to the Companies (Share Capital and Debentures) Rules, 2014 and SEBI Regulations, 2021, and unless the Committee decides otherwise, no Employee shall be entitled to make an Exercise, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Company or any activity related to the business carried on by the Company. Decision of the Committee in this regard shall be final and conclusive and



cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee and shall not apply to the Nominee/Beneficiary of the Employee.

- xiii. If the Exercise of Options within the Exercise Period, is prevented by any law or regulation in force, the Committee shall defer or not 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 Grantee for any loss suffered due to such refusal.
- xiv. Only upon allotment/ transfer of the Shares, the Employee/ Nominees shall become Shareholders. The Shares to be allotted/ transferred shall rank pari passu in all respects with the outstanding Shares.
- xv. All such unexercised Options that so lapse, shall brought back/ revert to the PSOP 2023 pool and may be granted at the discretion of the Committee to any other Eligible Employee.
- xvi. Subject to the Exercise Period, the Vested Options may be Exercised, only by the Employee and after his demise, by his nominee, as may be applicable.

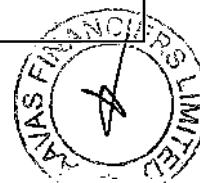
## 8.2 Exercise Period:

### (a) While in employment:

- (i) The Exercise Period shall be 4 (Four) year from the date of respective Vesting of Options. The Options granted may be exercised by the Grantee at one time or at various points of time within the Exercise Period.

### (b) Exercise Period in case of separations: Options can be Exercised as per provisions outlined below:

Sr. No.	Separations	Vested Options	Unvested Options
1	<b>Resignation/ Termination</b>	Subject to the terms and conditions formulated by the Plan Administrator, all Vested Options as on date of submission of Resignation/Termination may be Exercised by the Option Grantee within 90 days from such date.	All Unvested Options on the date of submission of resignation/termination shall lapse with effect from such date.
2	<b>Retirement or early Retirement approved by Company</b>	All Vested Options as on date of retirement may be Exercised by the Option Grantee within 90 days from the date of retirement unless Committee decides otherwise.	All Unvested Options shall continue to vest as per the Vesting Schedule and Conditions specified under Clause 7 above and can exercised within the exercise period.



3	<b>Death</b>	All Vested Options may be Exercised by the Option Grantee's Nominee or legal heir within the Exercise Period.	All Unvested Options as on the date of death shall vest immediately and may be Exercised by the Option Grantee's Nominee or legal heir/s within the Exercise Period.
4	<b>Permanent Disability</b>	All Vested Options may be Exercised by the Option Grantee within the Exercise Period.	All Unvested Options as on the date of such permanent disability shall vest immediately and can be Exercised by the Option Grantee within the Exercise Period.
5	<b>Abandonment*</b>	All the Vested Options shall Lapse.	All the Unvested Options shall Lapse.

*\*The Committee, at its sole discretion shall decide the date on which Options shall lapse and such decision shall be binding on all concerned.*

- 8.3 **Long leave:** For the purposes of this Plan, Long Leave will not be treated as continuous employment / service by a Grantee for the purpose of the Plan. In such an event, Plan Administrator reserves the right to extend the vesting period by a period not exceeding the leave period, in consultation with the Committee.
- 8.4 The rights granted to a Grantee upon the grant of an Option shall not afford the Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with any present or past member of the group or associated company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 8.5 In the event of transfer of an Employee from the Company to its Subsidiary company (ies) (present or future) or Associate Company (present or future), the treatment of the Unvested Options (i.e., whether to allow to Vest or Lapse) as on the date of transfer, shall be decided by the Committee basis recommendation from the Plan Administrator.
- 8.6 In the event that an Employee who has been granted benefits under this Plan, is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing Company, prior to the Vesting or Exercise, the treatment of Options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the Employee.
- 8.7 The Options not Exercised within the Exercise Period shall lapse without any obligations whatsoever on the Company (including the Board or Committee) and no rights in that regard will accrue to the Employee after such date. Such Unvested Options shall brought back/revert to the PSOP 2023 pool and may be granted at the discretion of the Board or Committee to any other Eligible Employee.

## **9. Ranking, listing of shares and rights of shareholders**

- 9.1 The Shares issued on the Exercise of Vested Options shall rank pari-passu with all the existing Shares subject to such exceptions and restrictions as may be specified in Articles of Association and this PSOP 2023. At the time of allotment of Shares pursuant to a valid Exercise, the Eligible Employee will be required to sign such document as may be



considered necessary by the Plan Administrator to lawfully execute/ enforce various provisions of this PSOP 2023.

- 9.2 The Shares issued on Exercise of Vested Options shall be listed as per the regulation on all Recognised Stock Exchange where the existing Shares are listed subject to compliance of all the Applicable Laws and Regulations.

## **10. Corporate Action**

- 10.1 In case of Corporate Action, including but not limited to Share split, merger, demerger, sale of division, consolidation, rights issues, bonus issues and other corporate actions, the Committee in accordance with applicable Laws shall ensure while taking into consideration the global best practices in this area that adjustment to Exercise Price, Number of options granted, accelerated vesting, Adjustment of Vesting Conditions, etc, shall be appropriately made without prejudice to the interest of the Employee. The decision of the Board / Committee on whether such action is necessary and the extent of such action by the Board shall be final and binding.
- 10.2 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of this Plan, the maximum number of Options available for being granted under PSOP 2023 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (no. of Options X face value per underlying Share) prior to such Share split or consolidation remains unchanged after adjusting for such Share split or consolidation.
- 10.3 The Committee may determine the procedure for making fair and reasonable adjustments to the number of Options and the terms and Conditions of this Plan in case of corporate actions such as further capitalization, mergers, sale of division and others (so as to ensure the economic value of the benefits granted are not materially altered by either the corporate action, or the adjustment required as a result of the corporate action).

## **11. Lock-in**

- 11.1 The Shares issued upon Exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such Exercise.

**Provided that** the transferability of the Equity Shares shall be subject to the restriction for such period in terms of the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time or for such other period as may be stipulated from time to time in terms of Company's Code of Conduct for Prevention of Insider Trading.

## **12. Beneficiary/Nominee Designation**

- 12.1 Each Employee under this Plan may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit accrued to such Employee under this Plan 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.



### **13. Surrender of Options**

- 13.1 An Employee may surrender his/her Vested /Unvested Options at any time during / post his employment with the Company. Any Employee willing to surrender his/her Options shall communicate the same to the Plan Administrator in writing. Thereafter the surrendered Options shall expire with effect from the date of surrender of Options and become available for future grant under the Plan.

### **14. Arbitration**

- 14.1 In the event of a dispute arising out of or in relation to the provisions of this Plan or any communication in relation thereto (including a dispute relating to the Construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such disputes 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 a reasonable attempt, which attempt shall continue for not more than 90 days, gives 90 days' notice thereof to the other party in writing. 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. The arbitration proceedings shall be held in Jaipur under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator 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 Jaipur. Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this PSOP 2023:
- i. in any other court of competent jurisdiction; or
  - ii. concurrently in more than one jurisdiction.

### **15. Withholding Tax or Any Other Sums**

- 15.1 All Shares issued to the Employee/Beneficiary on exercise of Options granted under this Plan, dividend or any other amounts payable by the Company to the Employee/Beneficiary pursuant to this Plan shall be subject to all applicable taxes, withholding tax and/ or any levy and/ or any contribution and/ or any sums due (by whatever name it is called) arising due to participation in this Plan (in or outside India), if any, and the Company accordingly, may withhold/ recover such taxes and/ or levy and/ or contribution and/ or payment in full unless Company decides to withhold in part.
- 15.2 Notwithstanding anything contained in any other Clauses of this Plan, if the Grant of the Option and/ or the Vesting of Option and/ or the Exercise of the Options and/ or allotment or transfer of the Shares under the Plan and or at any time while this Plan is in operation shall be subject to any levy and/ or taxes or contribution or payment (by whatever name called), if any, that is levied on or payable by the Company (in or outside India), then such taxes and/ or levy and/ or contribution and/ or payment shall be recovered in full, unless the Company at its sole discretion decides to recover in part from the Employee.
- 15.3 Notwithstanding anything else contained in this Plan, no Shares/ sale proceeds therefrom, as the case may be, shall be issued/ allotted/ transferred/ disbursed to the Employee/ Nominee, on Exercise of the Options under this Plan, unless appropriate levies/ taxes/ contributions/ payments as given in this Clause are recovered in full, unless the Company at its sole discretion decides to recover only a part of the same from the Employee or Beneficiary.



**16. Authority to vary terms**

The Committee may, subject to necessary statutory approvals at any time and from time to time and Applicable Laws:

- 16.1 Revoke, add to, add addendum to the Plan as per Clause 18.3, alter, amend or vary all or any of the terms and conditions of this Plan or all or any of the rights and obligations of the Grantee/Beneficiary; and should be in the interest of the of the Grantee/Beneficiary;
- 16.2 Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the Grantee/ Beneficiary. Each of such sets of special terms and conditions shall be restricted in its application to those Grantee/ Beneficiary;
- 16.3 Formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Grantee/ Beneficiary separately and each of such sets of special terms and conditions shall be restricted in its applications to such Grantee/ Beneficiary; and
- 16.4 The Company may by special resolution in a General Meeting vary the terms of the Plan offered pursuant to an earlier resolution of the shareholders but not yet exercised by the Employee provided such variation is not prejudicial to the interests of the Employees. Except otherwise provided under the Applicable Laws, if such variation to the terms of the Plan is prejudicial to the interest of the employee, the same shall be only with the consent of the employees. The notice for passing such special resolution for variation of terms shall disclose the relevant information as required under Applicable Laws.

**17. Accounting and Disclosures**

- 17.1 The Company shall follow the laws/regulations applicable to accounting and disclosure related to Employee Stock Options, including section 133 of the Companies Act but not limited to SEBI (SBEB and Sweat Equity) Regulations as well as the Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the regulatory authorities from time to time, including the disclosure requirements prescribed therein, as and when applicable to the Company.
- 17.2 The Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features/Plan document of the PSOP - 2023 in a format as prescribed under SEBI (SBEB and Sweat Equity) Regulations or any other Applicable Law as in force.
- 17.3 The Company shall disclose details of Grant, Vest, Exercise and lapse of the Options on the website of the Company and in the Directors' Report or in an annexure thereof as prescribed under Companies Act, SEBI (SBEB and Sweat Equity) Regulations or any other Applicable Laws as in force.
- 17.4 The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Company that the Plan has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the Company in the general meeting.





## **18. Governing Laws**

- 18.1 This Plan and all agreements thereunder shall be governed by and construed in accordance with the Applicable Laws of India. The Grant of Options and issue and allotment / transfer of Shares under this PSOP 2023 shall entitle the Company to require the Employee to comply with such requirements of Applicable Laws as may be necessary in the opinion of the Committee. In case of any conflict between the provisions of this PSOP 2023 and any provisions, rules, regulations or guidelines issued under Applicable Laws, the provisions of the Applicable Laws shall override the provisions of this PSOP 2023 to the extent of such conflict.
- 18.2 In the event that any Applicable Laws render this PSOP 2023 as illegal or void, this PSOP 2023 shall automatically be treated as withdrawn and cancelled and the Company shall have no obligation or liability whatsoever towards any Employee including in relation to any Vested Options or Unvested Options. The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and transfer of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to Grant the Options or issue / transfer the Shares.
- 18.3 In order to comply with regulation of any other country or to avail any tax or other benefits, Committee may at its sole discretion and in compliance with Applicable Laws, formulate an addendum to this Plan for Employees employed in that country and made applicable to such Employees from the date determined by the Committee.
- 18.4 In case any Options are granted to any Employee being resident outside India belonging to the Company working outside India, the provisions of the Foreign Exchange Management Act, 1999 and Rules or Regulations made thereunder and any other Applicable Laws in or outside India as amended and enacted from time to time shall be applicable, and the Company has to comply with such requirements as prescribed from time to time in connection with Grant, Vest, Exercise of Options and allotment of Equity Shares thereof.

## **19. Notices**

- 19.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this PSOP - 2023 shall be in writing or electronic mode. The communications shall be made by the Company in any one or more of the following ways:
- (i) Sending communication(s) to the address of the Option Grantee available in the records of the Company; or
  - (ii) Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or
  - (iii) Emailing the communication(s) to the Option Grantee at the official email address provided, if any, by the Company to the prospective /existing Option Grantee during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.
- 19.2 Any communication to be given by an Option Grantee to the Company in respect of PSOP - 2023 shall be sent to the person at the address mentioned below or emailed at:



Sr. No	Designation	Name	Address	Email
1	Chief People Officer	Mr. Anshul Bhargava	201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020	<a href="mailto:Anshul.bhargava@aavas.in">Anshul.bhargava@aavas.in</a>
2	Company Secretary and Compliance Officer	Mr. Sharad Pathak		<a href="mailto:Sharad.pathak@aavas.in">Sharad.pathak@aavas.in</a>

## 20. Severability

- 20.1 In the event any one or more of the provisions contained in this Plan shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Plan in which case the Plan shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Plan shall be carried out as nearly as possible according to its original intent and terms.

## 21. Confidentiality

- 21.1 An Option Grantee must keep the details of the PSOP- 2023 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this Clause on confidentiality, all unexercised Options shall stand cancelled immediately. The decision and judgement of the Committee regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Committee shall have the authority to deal with such cases as it may deem fit.
- 21.2 On acceptance of the Grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Plan or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need-to-know basis.
- 21.3 "Confidential Information" includes any and all information related confidential and privileged information, trade secrets, employment related information, strategies, administration, research in connection with the Company or Promoters of the Company, commercial, legal, scientific, technical data, business and financial information about costs, profits, markets, sales, customers and bids, business plans, marketing, future developments, product developments and new products concepts, schematics, techniques, suggestions, development tools and processes, computer programs, designs, drawings, manuals, electronic codes, device drivers, formulas and improvements, software demonstration programs, routines, algorithms, computer systems, techniques, documentation, designs, procedures, ideas, know-how, formulas, inventions (whether patentable or not), improvements, concepts, records, files, memoranda, reports, drawings, plans, price list, customer lists, vendor/partner lists, forecasts, apparatus, modules, samples, prototypes or parts thereof or any project names, product names, project information through visual images, distributor(s) and representative(s) list, employee(s), salary, benefits, payroll information, documents, books, papers, drawing, model, sketches, and the like provided to or made available to the employee by the Company or developed by the employee to



facilitate his/ her work or that the employee is able to know or has obtained access by virtue of his/ her employment or position with the Company, as the case may be.

21.4 In furtherance of this Plan, the Grantee confirms that:

- i. the Grantee shall not engage himself/ herself in activities that have or will have an adverse impact on the reputation of the Company or Promoters of the Company.
- ii. while during employment with the Company, the Grantee shall engage exclusively in the work assigned by the Company and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- iii. the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company or Promoters of the Company.
- iv. in consideration of the Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
- v. the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company) or as may be required by the Company.
- vi. the Grantee understands that the Grant of the Option is limited only to the Shares of the Company, and the Grantee shall have no recourse to the shares of any other company in any manner whatsoever.

21.5 the Grantee understands that "Confidential Information" means any or all information about the Company or Promoters of the Company that satisfies one or more of the following conditions:

- i. such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company; or
- ii. such information which is critical, in the Company's opinion, to the Company's current or anticipated business activities or those of a customer or supplier or associate or channel partner of the Company or Promoters of the Company and the disclosure of the same would affect their competitiveness; or
- iii. such information which either has been identified as confidential by the Company or Promoters of the Company (either orally or in writing) or has been maintained as confidential from outside parties and is recognized as intended for internal disclosures only; or
- iv. such information which either is of a nature that it gives a distinct edge to the Company or Promoters of the Company over competition when not shared with the competition, or is likely to give any advantage to the competition or any other organization/ person/ group of persons when shared with the organization/ person/ group of persons; or
- v. such information which is required to be kept confidential by any requirement of law.

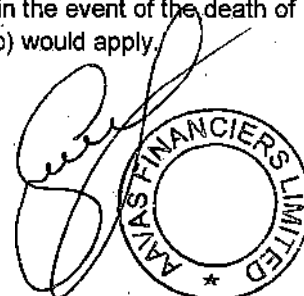


## 22. Miscellaneous

- 22.1 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Option shall give such individual any right, entitlement or expectation that he has or shall in future have any such right, entitlement or expectation to participate in this Plan by being granted a Performance Stock Option on any other occasion.
- 22.2 The rights granted to an Option Grantee upon the Grant of an Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 22.3 Participation in this Plan shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the Market Price of the Shares, if any and the risks associated with the investments are that of the Employee alone.
- 22.4 This Plan shall not confer on any person any legal or equitable rights against the Company (including the Board and/ or Committee) directly or indirectly or give rise to any cause of action at law or in equity against the Company (including the Board and/ or Committee).
- 22.5 The Grantee shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003, to the extent applicable, or other applicable regulations notified in accordance with Applicable Laws as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Grantee from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested Options as well as subject the Grantee to disciplinary action at the discretion of the Company.
- 22.6 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a shareholder in respect of Options granted, till Shares underlying such Options are allotted by the Company on Exercise of such Options.
- 22.7 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Options and becomes a registered holder of the Shares of the Company.
- 22.8 The Options granted shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 22.9 Options granted shall be personal to the Option Grantee and shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions in table under Clause 8.2(b) would apply.
- 22.10 No person other than the Employee to whom the Option is granted shall be entitled to any benefit arising out of the Options or to Exercise the Option except in the event of the death of the Option Grantee, in which case provisions in table under Clause 8.2(b) would apply.

Date of approval by the Board of Directors: September 28, 2023

Date of approval by the Shareholders: November 06, 2023



**Aavas Financiers Limited**  
**Performance Stock Option Plan-2024**

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## 1. Name, Objective and Term of the Plan

- 1.1 This Plan shall be called '**Aavas Financiers Limited - Performance Stock Option Plan- 2024**' ("Plan" or "**PSOP- 2024**").
- 1.2 The objective of PSOP- 2024 is to reward the eligible Employees of the Company- present or future) for their performance and to motivate them to contribute to the growth and profitability of the Company. The Plan aims to attract, retain and reward talent in the organisation. The Company views Performance Stock Options as a means that would enable the employees to get a share in the value they create for the Company in future.
- 1.3 This Plan has been formulated by the Board of Aavas Financiers Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 and has received approval of its Shareholders by way of a Special Resolution passed on August 07, 2024, in order to grant Options to its Employees.
- 1.4 Nomination and Remuneration Committee may, subject to compliance with Applicable Laws currently applicable to the Company and required approvals, if any, at any time alter, amend, suspend or terminate this PSOP 2024.
- 1.5 This PSOP 2024 shall become effective from August 07, 2024 ("Effective Date") and this PSOP 2024 shall continue to be in effect unless terminated at any time at the sole discretion of the Board and/ or Nomination and Remuneration Committee in accordance with applicable law but without the consent of and without notice to the Eligible Employees. Any such termination or expiry of this PSOP 2024 shall not affect the Grant, Vesting or Exercise of the Options already issued under this PSOP 2024.

## 2. Definitions and Interpretation

### 2.1 Definitions

- i. "**Abandonment**" shall mean discontinuation of employment by a Grantee without giving notice or without serving a period of notice as specified by the Company from time to time and in accordance;
- ii. "**Act**" means the Securities and Exchange Board of India Act, 1992 (hereinafter may be referred as 'SEBI') together with the statutory modifications, amendments or re-enactments thereof from time to time;
- iii. "**Applicable Law**" means any prevailing Act, Rule or Regulation relating to Employee Stock Options, including and without limitation to the Companies Act, 2013, Securities and Exchange Board of India Act, 1992, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, Companies (Share Capital and Debenture) Rules, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (each as amended from time to time), and all relevant tax, securities, exchange control or corporate laws of India, or amendments thereof or of any relevant jurisdiction or of any Recognised Stock Exchange on which the Shares are Listed or quoted;
- iv. "**Associate Company**" means any Associate Company (present or future) as defined under section 2(6) of the Companies Act, 2013;





- v. **"Beneficiary" or "Nominee"** shall mean the person or persons, trust or trusts designated by the Employee, or in the absence of any designation by the Employee, a person or persons who is/ are entitled by the will or probate of the Employee to receive the benefits specified in this Plan, the legal heirs of the Employee, if the Employee dies intestate and includes the Employee's executors or administrator, if no other Beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of any powers conferred under this Plan or any other agreements forming part thereof;
- vi. **"Board"** shall mean the board of directors of the Company, constituted in accordance with the incorporation documents of the Company and as may be constituted/ re-constituted in accordance with the Applicable Laws from time to time and shall include a committee of the board of directors as may be authorized to take certain decisions and / or perform certain actions as delegated to it by the board of directors;
- vii. **"Cause"** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or terms of employment amounting to misconduct or breach of terms of employment as determined by the Board after giving the Employee an opportunity of being heard. This may include the following scenario or any other scenario as may be determined by the Board or Committee of the Board.
- (i) constant failure of the Employee in the opinion of the Board/Committee to achieve assigned performance targets and objectives;
  - (ii) gross negligence, wilful misconduct or insubordination of the Employee in connection with the performance of his duties and obligations towards the Company, which is detrimental to the Interest of the Company or any of its affiliates, monetarily or otherwise;
  - (iii) breach by the Employee of any terms of his employment agreement or the Company's policies or other documents or directions of Company including the reasons of non-performance;
  - (iv) fraud, moral, turpitude, misfeasance, breach of trust or wrongful disclosure of any secret and confidential information about of the Company or any of its affiliates to any third party;
  - (v) participating or abetting a strike in contravention of any law for the time being in force;
  - (vi) Misconduct as provided under the labour laws after following the principles of natural justice;
  - (vii) the Employee's pleading guilty to or conviction of a offense involving imprisonment of more than one (1) year;
  - (viii) While in employment with the Company, employee is in employment of the any other organization not being a Group Company or Affiliated company;
- viii. **"Closing Date"** shall mean the last date on which the offer of Options by the Company to a Grantee can be accepted. In case the last date is a non-working day, then it shall be the immediately following working day;
- ix. **"Committee" or "Nomination and Remuneration Committee"** means Nomination and Remuneration Committee of the Board ("NRC") as constituted in accordance with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and section 178 of the Companies Act, 2013, as amended from time to time and will also constitute and act as the compensation committee for the purposes of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;



- x. **"Companies Act"** means the Companies Act, 2013 and rules made thereunder and include any statutory modifications or re-enactments thereof;
- xi. **"Company"** means 'Aavas Financiers Limited', a company incorporated and registered under the Companies Act, 1956 having its registered office 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 and having its Corporate Identity Number: L65922RJ2011PLC03429;
- xii. **"Control"** shall have the same meaning as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- xiii. **"Director"** shall have the same meaning as defined under section 2(34) of the Companies Act, 2013;
- xiv. **"Eligible Employee"** for the purpose of this Plan shall mean an Employee and as identified in accordance with Clause 5 of this Plan;
- xv. **"Employee"** means-
- (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
  - (ii) a director of the Company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or
  - (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including Subsidiary or its Associate company, in India or outside India, or of a Holding company of the Company but does not include—
    - (a) an employee who is a promoter or a person belonging to the promoter group; or
    - (b) a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the Company;
- xvi. **"Equity Shares"** means fully paid-up Equity Shares of the Company;
- xvii. **"Exercise"** means making of an application by an Employee/Beneficiary to the Company for issue of Equity Shares against Vested Options in pursuance of this Plan, in accordance with the procedure laid down by the Company for such exercise and on payment of Exercise Price;
- xviii. **"Exercise Application"** shall mean the application form for the purpose of enabling the Employee/ Beneficiary to apply to the Company for exercising the Vested Options in accordance with Clause 8 of this Plan and substantially in the form provided for the Options issued in pursuance of this Plan;
- xix. **"Exercise Period"** shall mean the time period after Vesting within which the Employee/ Beneficiary should Exercise his right to apply for Shares against the Vested Option in pursuance of this Plan;





- xx. **"Exercise Price"** means the price, if any, payable by the Employee for exercising the Vested Option granted to him in pursuance of the Plan;
- xxi. **"General Meeting"** means an annual general meeting or an extraordinary general meeting of the members of the Company held by the Company in accordance with the Articles of Association and Applicable Laws;
- xxii. **"Grant"** means the process by which the Company issues Options to the Employees under the Plan;
- xxiii. **"Grant Date"** shall mean the date on which the Options are approved and granted to the Employee by the Company in pursuance of this Plan;
- xxiv. **"Grantee"** shall mean an Eligible Employee who is the recipient of Letter of Grant on the Grant Date in furtherance of a Grant;
- xxv. **"Group"** means two or more companies which, directly or indirectly, are in a position to—
- (i) exercise twenty-six per cent or more of the voting rights in the other company; or
  - (ii) appoint more than fifty per cent of the members of the Board of Directors in the other company; or
  - (iii) control the management or affairs of the other company;
- xxvi. **"Holding Company"** means a holding company (present or future) as defined in sub-section (46) of section 2 of the Companies Act;
- xxvii. **"Insider"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- xxviii. **"Independent Director"** shall have the same meaning assigned to it under the provisions of Companies Act, 2013 read together with the rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- xxix. **"Key Managerial Personnel"** shall have the same meaning as defined under section 2(51) of the Companies Act, 2013;
- xxx. **"Letter of Grant"** shall mean the letter issued by the Company, substantially in the form provided for this Plan intimating an Eligible Employee of the Options granted to such Eligible Employee for acquiring a specified number of Shares at the Exercise Price and as per the Vesting Conditions described therein;
- xxxi. **"Long Leave"** means a sanctioned leave in excess of 90 days without break. Long Leave shall exclude Maternity Leave;
- xxxii. **"Performance Stock Option" or "Option"** means the option given to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares underlying the option at a pre-determined price;
- xxxiii. **"Permanent Disability/Incapacity"** means any disability/incapacity of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said



Employee was capable of performing immediately before such disablement, as determined by the Plan Administrator;

- xxxiv. **"Plan Administrator"** means Head, Human Resource of the Company and/or Company Secretary of the Company or any other roleholder(s) authorised by Committee from time to time to take necessary administrative steps in order to implement, supervise and administer the Plan;
- xxxv. **"Promoter"** shall have the same meaning as assigned to the term under the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended read with Companies Act;
- xxxvi. **"Promoter Group"** shall have the same meaning assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
- xxxvii. **"PSOP - 2024" or "Plan"** means the Aavas Financiers Limited- Performance Stock Option Plan-2024 under which the Company is authorized to grant Performance Stock Options to the Employees;
- xxxviii. **"Relative"** shall have the same meaning as defined under section 2(77) of the Companies Act;
- xxxix. **"Retirement"** means retirement as per the policies/rules of the Company;
- xi. **"SEBI"** means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992;
- xii. **"SEBI (SBEB and Sweat Equity) Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended and re-enacted from time to time and includes any clarifications or circulars issued thereunder;
- xlii. **"Secretarial Auditor"** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Section 204 of the Companies Act;
- xlili. **"Securities"** means securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956;
- xliv. **"Shares"** means Equity Shares of the Company;
- xliv. **"Shareholder"** shall mean the registered holder of a Share from time to time;
- xlvi. **"Stock Exchange or Recognized stock exchange"** means the National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange Limited (BSE) or any other Recognized stock exchange in India on which the Company's Shares are listed or to be listed in future and shall have the same meaning attributed to it under Section 2(j) of the Securities Contracts (Regulation) Act, 1956, as amended;
- xlvi. **"Subsidiary"** means a subsidiary of the Company (present or future) as per the definition under Section 2 (87) of the Companies Act, 2013;





- xlvi. **"Tax" or "Taxes"** shall mean any income tax, perquisite tax, fringe benefits tax or any other taxes, or any levy or any contribution or any sums due (by whatever name it is called) imposed on the Company or on an Eligible Employee, with respect to the Grant, Vesting and/ or Exercise of the Options in pursuance of this Plan;
- xlix. **"Unvested Option"** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Grantee has not become eligible to exercise the Option;
- i. **"Vesting"** means process by which the Employee/Beneficiary becomes entitled to apply for Shares against the Options granted in pursuance of this Plan;
- ii. **"Vesting Date"** shall mean the respective dates on and from which the Option Vests with the Employee/ Beneficiary and thereby becomes exercisable in pursuance of this Plan;
- iii. **"Vesting Period"** means the period during which the vesting of the Option granted to the Employee, in pursuance of the Plan takes place;
- liii. **"Vested Option"** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee/Beneficiary has become eligible to exercise the Option;

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Companies Act, 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 (read with applicable circulars, notifications etc.), as amended from time to time, the Securities Contracts (Regulation) Act, 1956, or the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any statutory modification or re-enactment thereof, as the case may be.

## 2.2 Interpretation

- i. In this Plan, unless the contrary intention appears:
  - a) words importing a particular gender include any other gender;
  - b) words using the singular or plural number also include the plural or singular number, respectively;
  - c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Plan and not to any particular Clause, sub-Clause or section of this Plan;
  - d) whenever this Plan refers to a number of days, such number shall refer to calendar days unless otherwise specified;
  - e) any reference to any statute or statutory provision shall include:
    - all subordinate legislation made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated); and
    - such statute or provision as may be amended, modified, re-enacted or consolidated.
  - f) headings and captions are used for convenience only and shall not affect the interpretation of this Plan;
  - g) references to Recitals, Clauses, sub-Clauses and Appendices shall be deemed to be a reference to the recitals, clauses, sub-clauses and schedules/ appendices of this Plan;
  - h) reference to a Clause number shall also include reference to all its sub-Clauses;
- ii. In the event of any inconsistency between the provisions of this Plan and the provisions of the employment offer letter or employment agreement of the Eligible





- Employee, the provisions of this Plan shall prevail.
- iii. In the event of any inconsistency between the provisions of this Plan and the Articles of Association, then the provisions of the Articles of Association shall prevail and be deemed to have been incorporated herein by reference.
  - iv. In the event of any inconsistency between the provisions of this Plan and the SEBI Regulations, then the provisions of SEBI Regulations shall prevail and be deemed to have been incorporated herein by reference.

### **3. Authority**

- 3.1 Subject to Clause 10.1 and 10.2 of the Plan, the shareholders of the Company by way of special resolution passed on dated August 07, 2024 approved the Plan authorizing the Committee to Grant not exceeding 4,00,000 Options to the eligible Employees in one or more tranches, from time to time, which represents approximately 0.50% of the Issued, subscribed and fully paid up Equity Share Capital of the Company as on June 13, 2024 with each such Option conferring a right upon the Employees to apply for one Share in the Company in accordance with the terms and conditions as may be decided under the Plan.
- 3.2 The maximum number of options to be granted to Managing Director and CEO shall not exceed 30% of total options and for other eligible employees shall not exceed 10% of total options under PSOP-2024 and that will be determined by the NRC on a case to case basis. Further maximum number of Options that shall be granted to any specific Employee(s) of the Company under this Plan, in any financial year shall not be equal to or exceed 1% of the issued share capital (excluding outstanding warrants and conversions) of the Company, if the prior specific approval from members of the Company through a special resolution to this effect is not obtained.
- 3.3 If an Option expires, lapses, gets cancelled, surrendered or becomes un-exercisable due to any reason/s, it shall be brought back to the Options pool and shall become available for future Grants, subject to compliance with the provisions of Applicable Law.
- 3.4 Where Shares are allotted consequent upon Exercise of an Option under the Plan, the maximum number of Shares that can be allotted under Plan as referred to in Clause 3.1 above shall stand reduced to the extent of such Shares allotted.

### **4. Administration**

- 4.1 The Plan shall be administered by the Committee working under the powers delegated by the Board. The Committee is authorized to, interpret, administer this Plan, to establish, amend and rescind any rules and regulations relating to this Plan, and to make any other determinations that it deems necessary or desirable for the administration and implementation of this Plan subject to approval of the Shareholders as may be required. The Committee may correct any defect, omission or reconcile any inconsistency in this Plan in the manner and to the extent the Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of this Plan and take any action which the Board is entitled to take in relation thereto. No member of the Committee may act upon matters under this Plan specifically relating to such member of the Committee.
- 4.2 The acts of majority of the members of the Committee present at any meeting (at which the quorum is present) or acts approved in writing by a majority of the entire Committee shall be the acts of the Committee for the purpose of the Plan. Any decision of the Board/ Committee in the interpretation and administration of this Plan, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but





not limited to, Employee, Grantee, Nominee and their Beneficiaries and successors). The Company (including the Nomination and Remuneration Committee) shall not be liable for any action or determination made in good faith with respect to this Plan or any Option granted thereunder.

4.3 Subject to compliance with Applicable Laws and limitations set out in the Plan, the Committee shall upon the advice of Plan Administrator or otherwise, do the following:

- a) Adopt rules and regulations for implementing the Plan from time to time;
- b) Identify the Employees eligible to participate under the Plan;
- c) Grant Options to the identified Employees and determine the Grant Date;
- d) Determine the quantum of the Options, shares or benefits as the case may be, to be granted under the Plan per Employee and in aggregate;
- e) Determine the number of additional Options to be granted to the Employees from time to time;
- f) Determine the conditions under which Options, shares or other benefits as the case may be, may vest in employees and may lapse in case of termination of employment for misconduct;
- g) Determine whether an Employee has been terminated for Cause;
- h) Notify the Employee/Beneficiary if the Options become eligible for Exercise;
- i) Determine the right of an Employee to Exercise all the Vested Options at one time or various points in time when the Options have become capable of being Exercised;
- j) Determine and notify the Exercise Period within which the employee can exercise the Options and when the Options would lapse on failure to exercise the same within the Exercise Period;
- k) Determine the specified time period within which Employees shall exercise the vested Options in the event of termination or resignation;
- l) Where any corporate actions may warrant adjustment to the number of Options and/ or the Exercise Price, refer such matters to the Board;
- m) Determine the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of 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, the following shall, inter alia, be taken into consideration by the Committee:
  - i. the number and price of Options shall be adjusted in a manner such that total value to the employee of the options remains the same after the corporate action;
  - ii. the vesting period and the life of the Options shall be left unaltered as far as possible to protect the rights of the employee(s) who is granted such Options;
- n) Determine the grant, vesting and exercise of shares or Options in case of Employees who are on long leave;
- o) Refer to the Board any decision to amend the Grant, Vesting and/ or Exercise of Options for Employees who are on long leave;
- p) Refer to the Board for any decision to alter/ modify the vesting schedule and/ or Exercise Price for subsequent Grants;
- q) Refer to the Board for any decision to alter/ amend the Plan subject to Clause 10 of the Plan;
- r) Determine the procedure for buy-back of specified securities (as defined under Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018) issued under the SEBI (SBEB and Sweat Equity) Regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
  - i. permissible sources of financing for buy-back;
  - ii. Any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
  - iii. Limits upon quantum of specified securities that the Company may buy-back in a financial year.
- s) Take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan or the administration or interpretation thereof;
- t) Decide all other matters that must be determined in connection with a Grant under the Plan;
- u) Construe and interpret the terms of the Plan, and the Options granted pursuant to the Plan;





- v) Refer to the Board any issue arising as a result of any inconsistency in the Plan, unless such inconsistency is of an administrative nature only; and
  - w) Perform such other functions and duties as shall be required under the Applicable Laws.
  - x) Define the procedure for cashless Exercise of Option in accordance with the Applicable Law and Regulations, if required;
- 4.4 Under the overall authority of the Committee, the Plan Administrator shall be authorised and responsible to take necessary administrative steps in order to implement, supervise and administer the plan, including: -
- i. Determine employee-wise number of grants for Committee's approval
  - ii. Issue, amend, modify the Grant Letters to Grantees
  - iii. Compute Vesting of Options as per the Plan basis level of performance achievement
  - iv. Accept nomination forms/exercise notices from Grantees
  - v. Execute, sign and deliver all letters, correspondence, certificates, undertaking and other deeds and documents on behalf of the Company for any purpose incidental or ancillary to the Plan
  - vi. Appoint any consultant, lawyer, professional etc. for any legal opinion, advice, views or to represent the Company before any statutory or non- statutory authority. Also, appoint valuer / chartered accountant as may be required.
  - vii. Do all such acts, deeds and things as may be required to be done to implement and administer the Plan or any other matter connected thereto under the Authority of the Committee.
  - viii. Approve forms, writings and/or agreements for use in pursuance of the Plan.
- 4.5 The Committee shall frame suitable policies and procedures to ensure that there is no violation of Companies Act, 2013 securities laws including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, each as amended, by the Company and its Employees, as and when such Regulations are made applicable to the Company.

## 5. Eligibility and Applicability

- 5.1 Only Employees within the meaning of this Plan are eligible for being granted Options under this Plan. The specific Employees to whom the Options would be granted and their eligibility criteria would be determined by the Committee.
- 5.2 The appraisal process for determining the eligibility of the Employee will be determined by the Committee from time to time and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Committee from time to time.
- 5.3 Based on the eligibility criteria as described in Clause 5.2 above of this Plan, the Committee at its sole discretion will decide the Employees eligible for Grant of Options under this Plan and accordingly, the Company acting through the Committee would Grant the Options to the identified Employees under the Plan.
- 5.4 The Plan shall be applicable to the Company and any successor Company thereof, or Subsidiary Companies and may be granted to the Employees and Directors of the Company as defined under Clause 2.1 (xiv) above, or its Subsidiary Company, as determined by the Committee at its own discretion.

**Provided that** in case of any Grant of Option to the Employees of its Subsidiary Companies, prior approval of the shareholders shall be obtained as per provisions of the Applicable Law.



- 5.5 Where the Employee is a Director nominated by an institution as its representative on the Board of Directors of the Company –
- i the contract or agreement entered into between the institution nominating its employee as the Director of the Company, and the Director so appointed shall, inter alia, specify the following:
    - a. whether the Options granted by the Company under the Plan can be accepted by the said Employee in his capacity as Director of the Company;
    - b. that Options if granted to the Director, shall not be renounced in favour of the nominating institution; and
    - c. the conditions subject to which fees, commissions, other incentives, etc. can be accepted by the Director from the Company.
  - ii the institution nominating its employee as a Director of the Company shall file a copy of the contract or agreement with the Company, which shall, in turn file the copy with all the Stock Exchanges on which its Shares are listed.
  - iii the Director so appointed shall furnish a copy of the contract or agreement at the first Board meeting of the Company attended by him after his nomination.

## **6. Grant and Acceptance of Grant**

### **6.1 Grant of Options**

- i. Grants contemplated under the Plan shall be made on such day and month as decided by the Committee at its discretion.
- ii. Subject to the overall limit prescribed in Clause 3.1 of this Plan, the Options may be granted in one or more tranches as may be determined by the Board of Directors of the Company (including Nomination and Remuneration Committee) over a period of three (3) years from the effective date of the plan.
- iii. The Grant of the Options by the Company to the Grantee shall be made in writing or through any other electronic medium identified by the Company and communicated to the Grantee by a Letter of Grant along with the copy of the Plan. The Letter of Grant shall specify the details of the Grant date, number of Options, the Vesting Period, schedule of Vesting, conditions for Vesting, the Exercise Price, Exercise Period and any other terms and conditions that the Committee may deem necessary.
- iv. Except for provisions mentioned in clause 8.2 (b), a Grant made under this Clause is personal to the Grantee, should be treated as confidentially by the Grantee and cannot be transferred in any manner whatsoever.
- v. In case if the Grantee qualifies as Key Managerial Personnel (KMP) or Senior Management Personnel (SMP) as defined under the RBI Guidelines on Compensation of KMP and SMP, as amended from time to time, Options granted shall be subject to Malus and Claw-back as defined under the Remuneration policy, applicable for KMP and SMP, of the Company.

### **6.2 Acceptance of the Grant**

Any eligible Employee who wishes to accept the Grant made under this Plan must deliver to the Company an acceptance of the letter of Grant on or before the Closing Date which shall not be more than 60 days from the date of the Grant, in a manner as specified in the





Letter of Grant. On receipt by the Company of the acceptance, the eligible Employee will become an Option Grantee.

- 6.3 Any eligible Employee, who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above, shall be deemed to have rejected the Grant unless the Committee determines otherwise.

## 7. Vesting Schedule and Vesting Conditions

- 7.1 Subject to Clause 8.2(b) of the Plan, the minimum vesting period shall be 1 (one) year from the date of grant.

**Provided** that in case where Options are granted by the Company under this Plan in lieu of options held by a person under a similar Plan in another company ("Transferor Company") which has merged or amalgamated with the Company, the period during which the options granted by the Transferor Company were held by him may be adjusted against the minimum Vesting Period required under this Sub-clause.

- 7.2 Unless otherwise specified in Letter of Grant, the total Options granted shall become Eligible to Vest as per following schedule:

- 25% of Option granted shall become Eligible to Vest on First anniversary of Grant Date
- 25% of Option granted shall become Eligible to Vest on Second anniversary of Grant Date
- 25% of Option granted shall become Eligible to Vest on Third anniversary of Grant Date
- 25% of Option granted shall become Eligible to Vest on Fourth anniversary of Grant Date

The maximum vesting period under the Plan should not exceed 5 (five) years from the date of grant.

Further, subject to continued employment and achievement of performance conditions, the above Eligible Options shall Vest in accordance with Clause 7.3 to 7.8 below. For the purpose of determining number of options to vest in any given tranche, fractional Options may be rounded off to nearest whole number. Such rounding off may be offsetted in the last vesting such that total number of options to vest doesn't exceed number of options granted.

- 7.3 At the date of Grant, Committee will set annual performance targets/parameters to be achieved by the Company for the first year of Vesting and thereafter Committee in first quarter of every Financial Year shall set annual performance targets/parameters for each subsequent year of Vesting.

- 7.4 The Vesting will be based on the following performance targets/ parameters namely:

- i. Profitability- Profit After Tax;
- ii. Asset Quality-Gross Non-Performing Assets; and
- iii. Other parameters, if any, as the Committee may determine

The weightage of each of the above targets/parameter shall be decided by the Committee and shall be communicated to the Grantee through the Letter of Grant. Further, for the purpose





of determining vesting of any tranche, the performance achievement vis-à-vis target for the immediately corresponding financial year would be considered.

- 7.5 The Committee may add or replace the above with any other Company performance financial targets/parameter aligned to long term shareholder value creation from time to time.
- 7.6 Options shall Vest based on the Company's overall performance of the above targets/parameters calculated for each metric separately and shall be subject to below performance-vesting relationship:

Type of performance	Actual performance (% of target)	Vesting of Options (% of Eligible to Vest Options)
Below Threshold	<80%	0%
Threshold	80%	80%
Target or above	100% or more	100%
Between Threshold and Target	Straight line interpolation between 80% to 100% performance. For example, at 86% performance, vesting to be 86% of Eligible Options.	

- 7.7 Options which do not Vest on Vesting date on account of non-fulfilment of performance targets shall automatically lapse, without any obligations whatsoever on the Company (including the Board or Committee) and no rights in that regard will accrue to the Employee after such date. Such Unvested Options shall brought back/revert to the PSOP 2024 pool and may be granted at the discretion of the Board or Committee to any other Eligible Employee.
- 7.8 Subject to Applicable Laws, and unless the Committee decides otherwise, no Options shall vest in an Employee, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Company or any activity related to the business carried on by the Company. Decision of the Committee in this regard shall be final and conclusive and cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee and shall not apply to the Nominee/Beneficiary of the Employee.
- 7.9 Notwithstanding anything otherwise contained in this Plan and Subject to Clause 8.2 below, as a prerequisite for a valid Vesting, an Option Grantee is required to be in employment or service of the Company and not serving notice on the Vesting Date and must not be subject to any disciplinary proceedings pending against him on Vesting Date. In case of any disciplinary proceedings against any Option Grantee, the Committee can keep the relevant Vesting in abeyance until disposal of the proceedings and such Vesting shall be determined accordingly.

## 8. Exercise of Options

### 8.1 Exercise Price & condition:

- The exercise price of grant shall be the Face Value of the Equity Share of the Company i.e INR 10/- per Equity Share.
- Subject to terms of this Plan and subject to Applicable Laws, an Employee/ Beneficiary can





Exercise Vested Options only within the exercise period only by applying to the Company during the Exercise Period, by way of an Exercise Application and upon payment of the Exercise Price and applicable Taxes.

- iii. The Plan Administrator can decide the procedure for the exercise of Options and Allotment of Shares.
- iv. No Vested Option shall be exercisable in its fractional form and each Option entitles the Employee/Beneficiary thereof to apply for and be allotted 1 (one) Share each on the payment of the Exercise Price and applicable taxes during the Exercise Period, subject to the terms and conditions specified in the Letter of Grant.
- v. No amount shall be payable by the Option Grantee at the time of Grant and hence no amount is required to be forfeited even if an Employee does not Exercise the Options within Exercise Period and accordingly no adjustment is required to be made for the same.
- vi. Exercise of the Vested Options shall take place at the time and place designated by the Plan Administrator and by executing such documents as may be required under the Applicable Laws and the terms of this Plan to pass a valid title of the relevant Shares to the Employee/ Nominee, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein.
- vii. A Vested Option shall be deemed to be validly exercised only when the Plan Administrator receives written and physical or electronically signed notice of Exercise Application form along with the proof of payment of applicable taxes by the Employee/ Beneficiary and, subject to Clause 15 of this Plan, the full payment of the Exercise Price, taxes (wherever arising) and any other sums due referred to in Clause 15 to the Company as per this Plan in respect of Exercise of the Option ('Aggregate Exercise Price').
- viii. The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the following methods:
  - a) Cheque or demand draft issued in the name of the Company; or
  - b) Remittance directly from the Employee's bank to the bank account of the Company (wire transfer) as the Plan Administrator may specify; or
  - c) Through Company ESOP Application/software (Payment gateway, online transfer)
  - d) Any combination of such methods of payment or any other method acceptable to the Plan Administrator at its sole discretion and stipulated in the Plan;
- ix. At the time of allotment/ transfer of Shares pursuant to a valid Exercise, the Employee/ Beneficiary may be required to sign or execute such documents as may be considered necessary by the Committee or Plan Administrator to lawfully execute/ enforce various provisions of this Plan.
- x. The Plan Administrator shall endeavour to ensure that the process of allotment/ transfer of Shares to the Employee/Beneficiary who has validly exercised his Vested Options is completed within a reasonable period of time from the time of receiving the Exercise Application by the Plan Administrator.
- xi. Notwithstanding anything else contained in this Plan and, if the Employee/ Nominee does not exercise his Vested Options within the time period as specified by terms of this Plan, the Options shall automatically lapse at the end of the aforesaid period without any obligations whatsoever on the Company (including the Board and/ or Committee) and no rights in that regard will accrue to the Employee after such date.
- xii. Subject to the Companies (Share Capital and Debentures) Rules, 2014 and SEBI Regulations, 2021, and unless the Committee decides otherwise, no Employee shall be



entitled to make an Exercise, if such Employee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Company or any activity related to the business carried on by the Company. Decision of the Committee in this regard shall be final and conclusive and cannot be called in question by the Employee. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Employee or any activity/ business carried out by the Employee pursuant to his duties as an Employee and shall not apply to the Nominee/Beneficiary of the Employee.

- xiii. If the Exercise of Options within the Exercise Period, is prevented by any law or regulation in force, the Committee shall defer or not 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 Grantee for any loss suffered due to such refusal.
- xiv. Only upon allotment/ transfer of the Shares, the Employee/ Nominees shall become Shareholders. The Shares to be allotted/ transferred shall rank pari passu in all respects with the outstanding Shares.
- xv. All such unexercised Options that so lapse, shall brought back/ revert to the PSOP 2024 pool and may be granted at the discretion of the Committee to any other Eligible Employee.
- xvi. Subject to the Exercise Period, the Vested Options may be Exercised, only by the Employee and after his demise, by his nominee, as may be applicable.

## 8.2 Exercise Period:

### (a) While in employment:

- (i) The Exercise Period shall be 4 (Four) year from the date of respective Vesting of Options. The Options granted may be exercised by the Grantee at one time or at various points of time within the Exercise Period.

### (b) Exercise Period in case of separations: Options can be Exercised as per provisions outlined below:

Sr. No.	Separations	Vested Options	Unvested Options
1	<b>Resignation/ Termination</b>	Subject to the terms and conditions formulated by the Plan Administrator, all Vested Options as on date of submission of Resignation/Termination may be Exercised by the Option Grantee within 90 days from such date.	All Unvested Options on the date of submission of resignation/termination shall lapse with effect from such date.





2	<b>Retirement or early Retirement approved by Company</b>	All Vested Options as on date of retirement may be Exercised by the Option Grantee within 90 days from the date of retirement unless Committee decides otherwise.	All Unvested Options shall continue to vest as per the Vesting Schedule and Conditions specified under Clause 7 above and can exercised within the exercise period.
3	<b>Death</b>	All Vested Options may be Exercised by the Option Grantee's Nominee or legal heir within the Exercise Period.	All Unvested Options as on the date of death shall vest immediately and may be Exercised by the Option Grantee's Nominee or legal heir/s within the Exercise Period.
4	<b>Permanent Disability</b>	All Vested Options may be Exercised by the Option Grantee within the Exercise Period.	All Unvested Options as on the date of such permanent disability shall vest immediately and can be Exercised by the Option Grantee within the Exercise Period.
5	<b>Abandonment*</b>	All the Vested Options shall Lapse.	All the Unvested Options shall Lapse.

*\*The Committee, at its sole discretion shall decide the date on which Options shall lapse and such decision shall be binding on all concerned.*

- 8.3 **Long leave:** For the purposes of this Plan, Long Leave will not be treated as continuous employment / service by a Grantee for the purpose of the Plan. In such an event, Plan Administrator reserves the right to extend the vesting period by a period not exceeding the leave period, in consultation with the Committee.
- 8.4 The rights granted to a Grantee upon the grant of an Option shall not afford the Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with any present or past member of the group or associated company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 8.5 In the event of transfer of an Employee from the Company to its Subsidiary company (ies) (present or future) or Associate Company (present or future), the treatment of the Unvested Options (i.e., whether to allow to Vest or Lapse) as on the date of transfer, shall be decided by the Committee basis recommendation from the Plan Administrator.
- 8.6 In the event that an Employee who has been granted benefits under this Plan, is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing Company, prior to the Vesting or Exercise, the treatment of Options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the Employee.
- 8.7 The Options not Exercised within the Exercise Period shall lapse without any obligations whatsoever on the Company (including the Board or Committee) and no rights in that regard will accrue to the Employee after such date. Such Unvested Options shall brought back/revert



to the PSOP 2024 pool and may be granted at the discretion of the Board or Committee to any other Eligible Employee.

## **9. Ranking, listing of shares and rights of shareholders**

- 9.1 The Shares issued on the Exercise of Vested Options shall rank pari-passu with all the existing Shares subject to such exceptions and restrictions as may be specified in Articles of Association and this PSOP 2024. At the time of allotment of Shares pursuant to a valid Exercise, the Eligible Employee will be required to sign such document as may be considered necessary by the Plan Administrator to lawfully execute/ enforce various provisions of this PSOP 2024.
- 9.2 The Shares issued on Exercise of Vested Options shall be listed as per the regulation on all Recognised Stock Exchange where the existing Shares are listed subject to compliance of all the Applicable Laws and Regulations.

## **10. Corporate Action**

- 10.1 In case of Corporate Action, including but not limited to Share split, merger, demerger, sale of division, consolidation, rights issues, bonus issues and other corporate actions, the Committee in accordance with applicable Laws shall ensure while taking into consideration the global best practices in this area that adjustment to Exercise Price, Number of options granted, accelerated vesting, Adjustment of Vesting Conditions, etc, shall be appropriately made without prejudice to the interest of the Employee. The decision of the Board / Committee on whether such action is necessary and the extent of such action by the Board shall be final and binding.
- 10.2 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of this Plan, the maximum number of Options available for being granted under PSOP 2024 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (no. of Options X face value per underlying Share) prior to such Share split or consolidation remains unchanged after adjusting for such Share split or consolidation.
- 10.3 The Committee may determine the procedure for making fair and reasonable adjustments to the number of Options and the terms and Conditions of this Plan in case of corporate actions such as further capitalization, mergers, sale of division and others (so as to ensure the economic value of the benefits granted are not materially altered by either the corporate action, or the adjustment required as a result of the corporate action).

## **11. Lock-in**

- 11.1 The Shares issued upon Exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such Exercise.

**Provided that** the transferability of the Equity Shares shall be subject to the restriction for such period in terms of the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time or for such other period as may be stipulated from time to time in terms of Company's Code of Conduct for Prevention of Insider Trading.

## **12. Beneficiary/Nominee Designation**

- 12.1 Each Employee under this Plan may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit accrued to such Employee under this Plan 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.

### **13. Surrender of Options**

- 13.1 An Employee may surrender his/her Vested /Unvested Options at any time during / post his employment with the Company. Any Employee willing to surrender his/her Options shall communicate the same to the Plan Administrator in writing. Thereafter the surrendered Options shall expire with effect from the date of surrender of Options and become available for future grant under the Plan.

### **14. Arbitration**

- 14.1 In the event of a dispute arising out of or in relation to the provisions of this Plan or any communication in relation thereto (including a dispute relating to the Construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such disputes 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 a reasonable attempt, which attempt shall continue for not more than 90 days, gives 90 days' notice thereof to the other party in writing. 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. The arbitration proceedings shall be held in Jaipur under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator 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 Jaipur. Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this PSOP 2024:
- i. in any other court of competent jurisdiction; or
  - ii. concurrently in more than one jurisdiction.

### **15. Withholding Tax or Any Other Sums**

- 15.1 All Shares issued to the Employee/Beneficiary on exercise of Options granted under this Plan, dividend or any other amounts payable by the Company to the Employee/Beneficiary pursuant to this Plan shall be subject to all applicable taxes, withholding tax and/ or any levy and/ or any contribution and/ or any sums due (by whatever name it is called) arising due to participation in this Plan (in or outside India), if any, and the Company accordingly, may withhold/ recover such taxes and/ or levy and/ or contribution and/ or payment in full unless Company decides to withhold in part.
- 15.2 Notwithstanding anything contained in any other Clauses of this Plan, if the Grant of the Option and/ or the Vesting of Option and/ or the Exercise of the Options and/ or allotment or transfer of the Shares under the Plan and or at any time while this Plan is in operation shall be subject to any levy and/ or taxes or contribution or payment (by whatever name called), if any, that is levied on or payable by the Company (in or outside India), then such taxes and/ or levy and/ or contribution and/ or payment shall be recovered in full, unless the Company at its sole discretion decides to recover in part from the Employee.





- 15.3 Notwithstanding anything else contained in this Plan, no Shares/ sale proceeds therefrom, as the case may be, shall be issued/ allotted/ transferred/ disbursed to the Employee/ Nominee, on Exercise of the Options under this Plan, unless appropriate levies/ taxes/ contributions/ payments as given in this Clause are recovered in full, unless the Company at its sole discretion decides to recover only a part of the same from the Employee or Beneficiary.

## **16. Authority to vary terms**

The Committee may, subject to necessary statutory approvals at any time and from time to time and Applicable Laws:

- 16.1 Revoke, add to, add addendum to the Plan as per Clause 18.3, alter, amend or vary all or any of the terms and conditions of this Plan or all or any of the rights and obligations of the Grantee/Beneficiary; and should be in the interest of the of the Grantee/Beneficiary;
- 16.2 Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the Grantee/ Beneficiary. Each of such sets of special terms and conditions shall be restricted in its application to those Grantee/ Beneficiary;
- 16.3 Formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Grantee/ Beneficiary separately and each of such sets of special terms and conditions shall be restricted in its applications to such Grantee/ Beneficiary; and
- 16.4 The Company may by special resolution in a General Meeting vary the terms of the Plan offered pursuant to an earlier resolution of the shareholders but not yet exercised by the Employee provided such variation is not prejudicial to the interests of the Employees. Except otherwise provided under the Applicable Laws, if such variation to the terms of the Plan is prejudicial to the interest of the employee, the same shall be only with the consent of the employees. The notice for passing such special resolution for variation of terms shall disclose the relevant information as required under Applicable Laws.

## **17. Accounting and Disclosures**

- 17.1 The Company shall follow the laws/regulations applicable to accounting and disclosure related to Employee Stock Options, including section 133 of the Companies Act but not limited to SEBI (SBEB and Sweat Equity) Regulations as well as the Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the regulatory authorities from time to time, including the disclosure requirements prescribed therein, as and when applicable to the Company.
- 17.2 The Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features/Plan document of the PSOP - 2024 in a format as prescribed under SEBI (SBEB and Sweat Equity) Regulations or any other Applicable Law as in force.
- 17.3 The Company shall disclose details of Grant, Vest, Exercise and lapse of the Options on the website of the Company and in the Directors' Report or in an annexure thereof as prescribed under Companies Act, SEBI (SBEB and Sweat Equity) Regulations or any other Applicable Laws as in force.
- 17.4 The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Company that the Plan has been implemented



in accordance with the prescribed regulations and in accordance with the resolution of the Company in the general meeting.

## **18. Governing Laws**

- 18.1 This Plan and all agreements thereunder shall be governed by and construed in accordance with the Applicable Laws of India. The Grant of Options and issue and allotment / transfer of Shares under this PSOP 2024 shall entitle the Company to require the Employee to comply with such requirements of Applicable Laws as may be necessary in the opinion of the Committee. In case of any conflict between the provisions of this PSOP 2024 and any provisions, rules, regulations or guidelines issued under Applicable Laws, the provisions of the Applicable Laws shall override the provisions of this PSOP 2024 to the extent of such conflict.
- 18.2 In the event that any Applicable Laws render this PSOP 2024 as illegal or void, this PSOP 2024 shall automatically be treated as withdrawn and cancelled and the Company shall have no obligation or liability whatsoever towards any Employee including in relation to any Vested Options or Unvested Options. The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and transfer of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to Grant the Options or issue / transfer the Shares.
- 18.3 In order to comply with regulation of any other country or to avail any tax or other benefits, Committee may at its sole discretion and in compliance with Applicable Laws, formulate an addendum to this Plan for Employees employed in that country and made applicable to such Employees from the date determined by the Committee.
- 18.4 In case any Options are granted to any Employee being resident outside India belonging to the Company working outside India, the provisions of the Foreign Exchange Management Act, 1999 and Rules or Regulations made thereunder and any other Applicable Laws in or outside India as amended and enacted from time to time shall be applicable, and the Company has to comply with such requirements as prescribed from time to time in connection with Grant, Vest, Exercise of Options and allotment of Equity Shares thereof.

## **19. Notices**

- 19.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this PSOP - 2024 shall be in writing or electronic mode. The communications shall be made by the Company in any one or more of the following ways:
- (i) Sending communication(s) to the address of the Option Grantee available in the records of the Company; or
  - (ii) Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or
  - (iii) Emailing the communication(s) to the Option Grantee at the official email address provided, if any, by the Company to the prospective /existing Option Grantee during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.





- 19.2 Any communication to be given by an Option Grantee to the Company in respect of PSOP - 2024 shall be sent to the person at the address mentioned below or emailed at:

Sr. No	Designation	Name	Address	Email
1	Chief People Officer	Mr. Anshul Bhargava	201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020	<a href="mailto:Anshul.bhargava@aavas.in">Anshul.bhargava@aavas.in</a>
2	Company Secretary and Chief Compliance Officer	Mr. Sharad Pathak		<a href="mailto:Sharad.pathak@aavas.in">Sharad.pathak@aavas.in</a>

## 20. Severability

- 20.1 In the event any one or more of the provisions contained in this Plan shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Plan in which case the Plan shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Plan shall be carried out as nearly as possible according to its original intent and terms.

## 21. Confidentiality

- 21.1 An Option Grantee must keep the details of the PSOP- 2024 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this Clause on confidentiality, all unexercised Options shall stand cancelled immediately. The decision and judgement of the Committee regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Committee shall have the authority to deal with such cases as it may deem fit.
- 21.2 On acceptance of the Grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Plan or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need-to-know basis.
- 21.3 **"Confidential Information"** includes any and all information related confidential and privileged information, trade secrets, employment related information, strategies, administration, research in connection with the Company or Promoters of the Company, commercial, legal, scientific, technical data, business and financial information about costs, profits, markets, sales, customers and bids, business plans, marketing, future developments, product developments and new products concepts, schematics, techniques, suggestions, development tools and processes, computer programs, designs, drawings, manuals, electronic codes, device drivers, formulas and improvements, software demonstration programs, routines, algorithms, computer systems, techniques, documentation, designs, procedures, ideas, know-how, formulas, inventions (whether patentable or not), improvements, concepts, records, files, memoranda, reports, drawings, plans, price list, customer lists, vendor/partner lists, forecasts, apparatus, modules, samples, prototypes or parts thereof or any project





names, product names, project information through visual images, distributor(s) and representative(s) list, employee(s), salary, benefits, payroll information, documents, books, papers, drawing, model, sketches, and the like provided to or made available to the employee by the Company or developed by the employee to facilitate his/ her work or that the employee is able to know or has obtained access by virtue of his/ her employment or position with the Company, as the case may be.

21.4 In furtherance of this Plan, the Grantee confirms that:

- i. the Grantee shall not engage himself/ herself in activities that have or will have an adverse impact on the reputation of the Company or Promoters of the Company.
- ii. while during employment with the Company, the Grantee shall engage exclusively in the work assigned by the Company and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- iii. the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company or Promoters of the Company.
- iv. in consideration of the Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
- v. the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company) or as may be required by the Company.
- vi. the Grantee understands that the Grant of the Option is limited only to the Shares of the Company, and the Grantee shall have no recourse to the shares of any other company in any manner whatsoever.

21.5 the Grantee understands that "Confidential Information" means any or all information about the Company or Promoters of the Company that satisfies one or more of the following conditions:

- i. such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company; or
- ii. such information which is critical, in the Company's opinion, to the Company's current or anticipated business activities or those of a customer or supplier or associate or channel partner of the Company or Promoters of the Company and the disclosure of the same would affect their competitiveness; or
- iii. such information which either has been identified as confidential by the Company or Promoters of the Company (either orally or in writing) or has been maintained as confidential from outside parties and is recognized as intended for internal disclosures only; or
- iv. such information which either is of a nature that it gives a distinct edge to the Company or Promoters of the Company over competition when not shared with the competition, or is likely to give any advantage to the competition or any other organization/ person/ group of persons when shared with the organization/ person/ group of persons; or
- v. such information which is required to be kept confidential by any requirement of law.





## **22. Miscellaneous**

- 22.1 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Option shall give such individual any right, entitlement or expectation that he has or shall in future have any such right, entitlement or expectation to participate in this Plan by being granted a Performance Stock Option on any other occasion.
- 22.2 The rights granted to an Option Grantee upon the Grant of an Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 22.3 Participation in this Plan shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the Market Price of the Shares, if any and the risks associated with the investments are that of the Employee alone.
- 22.4 This Plan shall not confer on any person any legal or equitable rights against the Company (including the Board and/ or Committee) directly or indirectly or give rise to any cause of action at law or in equity against the Company (including the Board and/ or Committee).
- 22.5 The Grantee shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003, to the extent applicable, or other applicable regulations notified in accordance with Applicable Laws as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Grantee from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested Options as well as subject the Grantee to disciplinary action at the discretion of the Company.
- 22.6 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a shareholder in respect of Options granted, till Shares underlying such Options are allotted by the Company on Exercise of such Options.
- 22.7 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Options and becomes a registered holder of the Shares of the Company.
- 22.8 The Options granted shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 22.9 Options granted shall be personal to the Option Grantee and shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions in table under Clause 8.2(b) would apply.
- 22.10 No person other than the Employee to whom the Option is granted shall be entitled to any benefit arising out of the Options or to Exercise the Option except in the event of the death of the Option Grantee, in which provisions in table under Clause 8.2(b) would apply.



