

**HOME FIRST FINANCE COMPANY INDIA LIMITED  
EMPLOYEE STOCK OPTION SCHEME 2021**

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**Home First Finance Company India Limited**  
**Employee Stock Option Scheme 2021**

**1. Name, Objective and Term of the Homefirst ESOP Scheme 2021**

- 1.1. Home First Finance Company India Limited Employee Stock Option Scheme 2021 shall be called the “**Homefirst ESOP Scheme 2021**” under which the Company (as defined hereinafter) is authorised to grant Options (as defined hereinafter) to the Employees (as defined hereinafter), which expression shall include any alterations, amendments or modifications hereto from time to time.
- 1.2. This Homefirst ESOP Scheme 2021 was formulated by the Nomination and Remuneration Committee of the Board (as defined hereinafter) and approved by it at its meeting held on October 25, 2021, by the Board at its meeting held on October 25, 2021 and by the shareholders of the Company *vide* a special resolution passed through a postal ballot on November 26, 2021.
- 1.3. The Company aims to provide competitive remuneration opportunities to its employees, including through annual incentive plans and long-term incentive plans, with a view that incentive plans along with employee ownership can facilitate a performance driven culture and contribute to the success of the Company. Accordingly, the main objectives of the Homefirst ESOP Scheme 2021 are:
  - (i). to achieve sustained growth of the Company and create shareholder value by aligning the interests of the employees with the long term interests of the Company;
  - (ii). to attract and retain talent and as well as to motivate the employees to contribute to its growth and profitability;
  - (iii). to recognise and reward the efforts of employees and their continued association with the Company and other group companies; and
  - (iv). to promote the culture of employee ownership, to enable the employees to have greater involvement in the existing plans of the Company and provide them an opportunity to share in the future growth and profitability of the Company, which should lead to improved employee engagement, motivation and retention.
- 1.4. This Homefirst ESOP Scheme 2021 is established with effect from November 26, 2021 and shall continue to be in force until (i) the date on which all of the Options available for issuance under the Homefirst ESOP Scheme 2021 have been issued and Exercised (as defined hereinafter) or have lapsed or have been cancelled by the Nomination and Remuneration Committee and the Nomination and Remuneration Committee does not intend to re-issue the said lapsed or cancelled Options; or (ii) for a period of 20 (twenty) years, unless extended by the Board, whichever is earlier; or (iii) terminated at the discretion of the Board.

## 2. Definitions and Interpretation

### 2.1. Definitions

- (i). “**Applicable Law**” includes every law, rule, regulation or bye-law relating to employee stock options, including, without limitation, the Companies Act, 2013, the SEBI Regulations, the SEBI Listing Regulations and all the relevant tax, securities, exchange control or corporate laws, rules, regulations or bye-laws of India or any relevant jurisdiction, or of any stock exchange on which the equity shares of the Company are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws.
- (ii). “**Associate Company**”, in relation to another company, shall have the meaning ascribed to it under the SEBI Regulations.
- (iii). “**Board**” means the board of directors of the Company, which includes any committee authorized by the Board of Directors in this behalf, including the Nomination and Remuneration Committee.
- (iv). “**Companies Act**” means the Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.
- (v). “**Company**” means Home First Finance Company India Limited, incorporated under Companies Act, 1956, having its registered office at 511, Acme Plaza, Andheri Kurla Road, Andheri East, Mumbai - 400059, Maharashtra, India.
- (vi). “**Company Policies/Terms of Employment**” mean the Company’s policies for employees and the terms of employment as contained in the ‘employment letter’ and any other relevant Group human resources policies.
- (vii). “**Cause**” or “**Cause to Company**” means the following:
  - (i) deliberate and persistent failure which is evidenced by wilful actions and/or inactions of the Employee, to comply with the lawful directions of the Board or the management of the Company as evidenced in the written minutes of the meetings of the Board or communicated by the management of the Company to the Employee (which are not related to performance parameters as agreed between the Parties).
  - (ii) any material violation by the Employee of clauses in the employment agreement with the Company relating to confidentiality, non-compete, non-solicitation, and non-disparagement.

- (iii) financial fraud in the performance of the employee's duties and responsibilities towards the Company, determined by independent authority decided by the Board/management of the Company;
  - (iv) the Employee being found guilty of committing act(s) of sexual harassment at the workplace by the internal committee of prevention of sexual harassment at the workplace;
  - (v) if the Employee is adjudged bankrupt or is convicted by a court of competent jurisdiction or governmental authority by way of a final, binding and non-appealable order for a criminal offence;
  - (vi) the commission by the Employee of, or the indictment of the Employee for any offence involving moral turpitude, deceit, dishonesty, embezzlement, misappropriation, fraud or any other offence which may, in the opinion of the Board or the Nomination and Remuneration Committee of the Company, have an adverse reputational impact on the Company irrespective of the fact whether or not such offence is committed in connection with or in relation to the employee's employment or fraud. Indictment for these purposes, means a probable cause hearing or any other procedure pursuant to which an initial determination of probable or reasonable cause with respect to such offence is made, and includes the filing of a charge sheet against the Employee. In the event where there has been any allegation in respect to the above, then the Board or the Nomination and Remuneration Committee of the Company shall take an independent decision as to whether there is a probable cause whereby the Employee may be found guilty of such indictment;
  - (vii) irregularity in the Employee's attendance, or unauthorized or unapproved absence from the place of work for more than 7 (seven) consecutive working days, other than for medical reasons or other emergencies; or
  - (viii) chronic alcoholism or any narcotic addiction on the part of the Employee that prevents him from performing his responsibilities and duties.
- (viii). **"Director"** means a member of the Board of the Company.
- (ix). **"Eligibility Criteria"** means the criteria as may be determined from time to time by the Nomination and Remuneration Committee for granting the Options to the Employees, in accordance with the applicable law.
- (x). **"Employee"** means as follows:
- (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 excluding an Independent Director (unless permitted otherwise under Applicable Law); or

(III) an employee as defined in sub-clauses (I) or (II) above, 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—

- (1) an employee who is a Promoter or belongs to the Promoter Group;
- (2) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% (ten percent) of the outstanding equity Shares of the Company.

- (xi). “**Option(s)**” means the stock option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase, during the Exercise Period, the Equity Shares underlying the Option at the Exercise Price in accordance with the terms of the Homefirst ESOP Scheme 2021.
- (xii). “**Exercise**” of Options means making of an application by a Grantee to the Company to subscribe the Shares underlying the Vested Options, as the case may be, in pursuance of the Homefirst ESOP Scheme 2021, in accordance with the procedure laid down by the Company in this regard.
- (xiii). “**Exercise Application**” means the application form or the letter of Exercise as may be prescribed by the Nomination and Remuneration Committee, in which the Grantee has to apply to the Company, as applicable, along with the proof of payment of the Exercise Price or such other documents as may be prescribed pursuant to the provisions of the Homefirst ESOP Scheme 2021, for Exercising the Vested Options.
- (xiv). “**Exercise Period**” means such time period of 3 (three) years after Vesting within which the Grantee should Exercise the Vested Options in terms of the Homefirst ESOP Scheme 2021.
- (xv). “**Exercise Price**” or “**Grant Price**” means the price equivalent to the Market Price of the Shares.
- (xvi). “**Grant**” means issue of Options to the Employees under the Homefirst ESOP Scheme 2021.
- (xvii). “**Grant Date**” means the date on which the Options are issued to a Grantee by the Board or the Nomination and Remuneration Committee under the Homefirst ESOP Scheme 2021, in accordance with Applicable Law.

- (xviii). “**Grantee**” means an Employee who has been granted an Option in pursuance of the Homefirst ESOP Scheme 2021.
- (xix). “**Group**” or “**Group company**” shall have the meaning ascribed to it in the SEBI Regulations.
- (xx). “**Holding company**” means any present or future holding company of the Company, as defined in the Companies Act.
- (xxi). “**Homefirst ESOP Scheme 2021**” means this Home First Finance Company India Limited Employee Stock Option Scheme 2021 under which the Company is authorised to grant Options to the Employees, as amended from time to time.
- (xxii). “**Letter of Grant**” means the letter issued by the Company, whether in physical or electronic mode, intimating the Employee, *inter alia*, of the Options Granted to him for acquiring a specified number of Shares at the Exercise Price / Grant Price.
- (xxiii). “**Market Price**” means the latest available closing price on a Recognized Stock Exchange (as hereinafter defined) on the date immediately prior to the date on which the Grant of the Options is to be made. If the shares of the Company are listed on more than one Recognized Stock Exchange, then the closing price on the stock exchange having the higher trading volume shall be considered as the market price.
- (a) “**Nomination and Remuneration Committee**” means the Nomination, and Remuneration Committee constituted by the Board, in accordance with Regulation 19 of the SEBI Listing Regulations, to administer employee stock option schemes of the Company.
- (b) “**Performance Parameters**” means the performance metrics of the Company as determined, varied or altered by the Board from time to time and communicated to the Employee. The Board or the Nomination and Remuneration Committee may at its discretion, lay down certain criteria including, but not limited to, the performance metrics on the achievement of which the Granted Options would Vest and which may be specified in the respective grant letters to be issued to the Grantee.
- (c) “**Permanent Incapacity**” means any incapacity of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Nomination and Remuneration Committee based on a certificate of a registered medical expert identified by the Board.
- (d) “**Promoter**” shall have the meaning as assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations, 2018 (the “**SEBI ICDR Regulations**”).

- (e) “**Promoter Group**” shall have the meaning as assigned to the term under the SEBI ICDR Regulations as defined from time to time.
- (f) “**Recognised Stock Exchange**” means the BSE Limited, National Stock Exchange of India Limited or any other stock exchange in India on which the Company’s shares are listed or are proposed to be listed.
- (g) “**Retirement**” means retirement of an Employee as per the rules of the Company.
- (h) “**SEBI**” means the Securities and Exchange Board of India.
- (i) “**SEBI Act**” means the Securities and Exchange Board of India Act, 1992, and includes all regulations and clarifications issued there under and as amended from time to time.
- (j) “**SEBI Listing Regulations**” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (k) “**SEBI Regulations**” means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and includes all amendments, circulars, notifications and clarifications issued there under and as amended from time to time.
- (l) “**Shares / Equity Shares**” means equity shares of the Company of face value of Rs. 2 (Rupees Two only) each arising out of the exercise of Options and vested under the Homefirst ESOP Scheme 2021.
- (m) “**Subsidiary company**” means any present or future subsidiary company of the Company, as defined in the Companies Act.
- (n) “**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.
- (o) “**Vesting**” means the process through which a Grantee becomes entitled to Exercise the Options to him in pursuance of the Homefirst ESOP Scheme 2021.
- (p) “**Vesting Condition**” means any condition that may be stipulated by the Nomination and Remuneration Committee for Vesting of Options.
- (q) “**Vesting Period**” means the period during which the Vesting of the Options Granted to the Employee takes place, in terms of the Homefirst ESOP Scheme 2021.



- (r) “**Vested Option**” means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Grantee has become eligible to Exercise the Option.

## 2.2. **Interpretation**

In this Homefirst ESOP Scheme 2021, unless the contrary intention appears:

- (i). the clause headings and bold typeface are for ease of reference only and shall not be relevant for the purposes of interpretation;
- (ii). a reference to a clause number is a reference also to its sub- clauses;
- (iii). words in singular number include the plural and vice versa;
- (iv). words importing a gender include any other gender;
- (v). a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference;
- (vi). the word ‘person’ includes an individual, a firm, a body corporate or any other authority;
- (vii). references to this Scheme shall be construed as a reference to this Homefirst ESOP Scheme 2021;
- (viii). any reference to any legislation, statute, statutory provision shall be construed as a reference to such provisions as from time to time amended, consolidated, modified, extended, re-enacted or replaced;
- (ix). any reference to a clause, paragraph or annexure is, unless indicated to the contrary, a reference to a clause, paragraph or annexure of this Homefirst ESOP Scheme 2021;
- (x). the schedules and annexures hereto shall constitute an integral part of this Homefirst ESOP Scheme, 2021; and
- (xi). all other expressions unless defined herein shall have the same meaning as have been assigned to them under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the SEBI Regulations or other applicable regulations or any statutory modification or re-enactment thereof, as the case may be.

## 3. **Authority and Ceiling**

- 3.1. The Board, at its meeting held on [•] 2021, resolved to issue to Employees under the Homefirst ESOP Scheme 2021, Options exercisable into not more than 19,69,283 (nineteen lakhs sixty nine thousand two hundred and eighty three) Equity Shares, being 2.25% (two point two five percent) of the paid-up equity share capital of the Company as on the date of the adoption of this Homefirst ESOP Scheme 2021 (or such other number adjusted in terms of Clause 3.3 herein below or such other number as may be approved by the Board and the shareholders of the Company from time to time), in one or more tranches, whereby each such Option confers a right upon the Grantee to apply for 1 (one) Equity Share, in accordance with the terms and conditions of the Homefirst ESOP Scheme 2021. The maximum number of Options that can be Granted per Employee under this Homefirst ESOP Scheme 2021 shall not exceed (0.5% (zero point five percent) of the paid-up equity share capital of the Company as on the date of the adoption of this Homefirst ESOP Scheme

2021) or such other number adjusted in terms of Clause 3.3 herein below or such other number as may be approved by the Board and the shareholders of the Company from time to time).

3.2. Where Equity Shares are issued, pursuant to the Exercise of an Option under the Homefirst ESOP Scheme 2021, the maximum number of Shares that can be issued under the Homefirst ESOP Scheme 2021 as referred to in Clause 3.1 above will stand reduced to the extent of such Equity Shares issued.

**3.3. Change in Capital Structure and other Corporate Actions**

- (i). In case of corporate actions such as issue of bonus shares, rights issue (where the issuance of the Equity Shares is less than the Market Price), stock splits, consolidation or other re-organisation of capital structure of the Company, whilst any Option remains exercisable (subject to Clause 3.4), the Nomination and Remuneration Committee may make a corresponding fair and reasonable adjustment in accordance with the Applicable Law, if any, to:
- (a). the number or nominal amount of Options to which the Homefirst ESOP Scheme 2021 applies (insofar as they are unexercised); and/or
  - (b). the Exercise Price / Grant Price; and/or
  - (c). the number of Shares underlying an Option; and/or
  - (d). the method of Exercise of any Option; and/or the maximum number of Shares referred to in Clause 3.1 above,

Provided that:

- (a). any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company which such Grantee would have been entitled to subscribe or purchase, as applicable, had he/she exercised all the Options held by him immediately prior to such adjustment;
- (b). any such adjustment shall be made on the basis that the aggregate Exercise Price / Grant Price, payable by a Grantee on the full Exercise of the Options shall remain as nearly as possible the same (but shall not be greater than) as it was before the time when such corporate action takes effect;
- (c). any such adjustment shall be made in accordance with Applicable Law;
- (d). no such adjustment shall be made, the effect of which would be to enable Equity Shares to be issued at less than their face value; and
- (e). the issue or transfer of shares or other securities of the Company as

consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

- (ii). In the event of any corporate action as required under Applicable Law, including (without limitation) rights on a general offer, rights on compromise, arrangement, reconstruction or amalgamation, rights where a person becomes bound or entitled to acquire Equity Shares and rights where there is a change in control of the Company, which is not contemplated by Clause 3.3(i) above, the Nomination, and Remuneration Committee may, subject to the provisions of the Homefirst ESOP Scheme 2021 and Applicable Law, adjust the number of Options (Vested as well as Unvested) or the Exercise Price / Grant Price, or the Vesting Period or the Exercise Period or take one or more of the foregoing actions and/or other actions, as it deems appropriate in accordance with Applicable Law while ensuring that the interests of the Grantees are protected.

- 3.4. Options not Vested due to non-fulfillment of the Vesting Conditions, Vested Options which the Grantees have expressly refused to Exercise, Options which have been surrendered and any Options Granted but not Vested or Exercised within the stipulated time due to any reasons (including due to cessation of Employee's employment as a result of Employee's resignation), shall lapse and these Options or any cancelled Options or the underlying Equity Shares will be available for Grant by the Nomination and Remuneration Committee to any Employee(s) as it may deem fit in its absolute discretion, whether under the Homefirst ESOP Scheme 2021 or any amendment thereto or under a new scheme, as a fresh grant, subject to compliance with the provisions of the Applicable Law.

#### **4. Administration**

- 4.1. The Homefirst ESOP Scheme 2021 shall be operated and administered by the Nomination, and Remuneration Committee. All questions of interpretation, dispute, discrepancy or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with the Homefirst ESOP Scheme 2021 or any Option shall be determined by the Nomination, and Remuneration Committee and such determination or interpretation shall be final and binding upon all persons (including, but not limited to, Employees and their nominee(s) or legal heir(s)) having an interest in or affected by the Homefirst ESOP Scheme 2021 or such Option.
- 4.2. The Nomination and Remuneration Committee shall, in accordance with and subject to other terms contained in this Homefirst ESOP Scheme 2021 and Applicable Law, in its absolute discretion, *inter alia*, determine the following:
  - (i). the quantum of Options that be Granted per Employee and in aggregate under Homefirst ESOP Scheme 2021, subject to the ceiling as specified in Clause 3.1;
  - (ii). the conditions under which Options (including Performance Parameters) may vest in the Grantee and may lapse in case of termination of employment for misconduct;

- (iii). the Exercise Period within which the Grantee can exercise the Vested Options and when the Options would lapse on failure to exercise the same within the Exercise Period;
- (iv). the specified time period within which the Grantee shall exercise the Vested Options the event of termination or resignation or cessation of employment;
- (v). the right of the Grantee to Exercise all the Vested Options at one time or at various points of time within the Exercise Period;
- (vi). the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the Exercise Price / Grant 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:
  - (a) the number and price of Options shall be adjusted in a manner such that total value to the Grantee of the Options remains the same after the corporate action;
  - (b) the Vesting period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Grantee who is granted such Options;
- (vii). the Grant, Vesting and Exercise of Options in case of Grantee who are on long leave;
- (viii). the procedure for funding the Exercise of Options, including by way of a loan, or any other financial assistance in accordance with Applicable Law;
- (ix). the procedure for buy-back of specified securities issued under these regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
  - (a) permissible sources of financing for buy-back;
  - (b) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
  - (c) limits upon quantum of specified securities that the Company may buy-back in a financial year.
- (x). the treatment of Unvested Options upon events including but not limited to, termination of employment or upon a director ceasing to hold office;
- (xi). the Vesting and Exercise of Options in case of Grantee who has been transferred or deputed or seconded to a Group company;

- (xii). the procedure for cashless Exercise of Options, if required, in accordance with Applicable Law;
  - (xiii). the procedure for surrender and cancellation of Options, if required;
  - (xiv). framing appropriate procedures and rules for Granting, Vesting and Exercise of Options and amending, altering, modifying or rescinding such procedures and rules from time to time;
  - (xv). arranging to get the Shares, issued under the Homefirst ESOP Scheme 2021, listed on the Recognized Stock Exchange(s) on which the shares of the Company are already listed;
  - (xvi). ensuring submission of information, reports, etc., in connection with the Homefirst ESOP Scheme 2021 to the Recognised Stock Exchange(s);
  - (xvii). obtaining permissions from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with Applicable Law;
  - (xviii). laying down a method for satisfaction of any tax obligation arising in connection with the Options and the Shares in compliance with Applicable Law;
  - (xix). provide for any statutory, contractual, regulatory or such other matters as may be necessary for the administration and implementation of the Homefirst ESOP Scheme 2021 in accordance with Applicable Law; and
  - (xx). finalize, approve and authorise executives of the Company to execute various agreements, deeds, writings, confirmations, undertakings, indemnities or other documents, as may be necessary, under the common seal of the Company or otherwise, with any party including legal advisors, accountants, share transfer agents, depositories, custodians, trustees, bankers and/or others for the purposes of the Homefirst ESOP Scheme 2021 and accept modifications, changes and amendments to any such documents/ agreements.
- 4.3. The Nomination and Remuneration Committee shall frame suitable policies and systems to ensure that there is no violation of Applicable Law, including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the SEBI Regulations and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 and such other applicable regulation(s) as may be introduced from time to time.
- 4.4. The number of members of the Nomination and Remuneration Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board, subject to Applicable Law.
- 4.5. No member of the Nomination and Remuneration Committee shall be personally liable for

any decision or action taken in good faith with respect to the Homefirst ESOP Scheme 2021.

- 4.6. The Nomination and Remuneration Committee may formulate various sets of special terms and conditions under the Homefirst ESOP Scheme 2021 to apply to an Employee (or his nominee/legal heir, as the case may be). Each of such sets of special terms and conditions under this Homefirst ESOP Scheme 2021 shall be restricted in their application to such Employee (or his respective nominees/ legal heirs). The Nomination and Remuneration Committee may also formulate separate sets of special terms and conditions to apply to each class or category of Employees (or their respective nominees/legal heirs) and each of such sets of special terms and conditions shall be restricted in its application to such class or category of Employees (or their respective nominees/legal heirs).
- 4.7. The Nomination and Remuneration Committee may appoint a third party/agency to administer the Homefirst ESOP Scheme 2021 and support employee communication, on its behalf.
- 4.8. It is clarified that in terms of the Homefirst ESOP Scheme 2021, upon exercise of the Options, the Grantees will subscribe to the Equity Shares to be issued by the Company, upon payment of the Exercise Price / Grant Price.

## **5. Eligibility, Applicability and Grant**

- 5.1. Only Employees are eligible for being Granted Options under the Homefirst ESOP Scheme 2021. The specific Employees to whom the Options would be Granted and the eligibility criteria (including but not limited to historical performance, Performance Parameters, merit, grade, conduct, future potential, work performance, length of service and skill set of the Employee) would be determined by the Nomination and Remuneration Committee, based on the recommendation of the managing director and the chief executive officer of the Company, subject to Applicable Law.
- 5.2. The Homefirst ESOP Scheme 2021 shall be applicable to the Company and its Group companies, and Options may be Granted to the Employees, as determined by the Nomination and Remuneration Committee at its sole discretion, in accordance with Applicable Law.
- 5.3. The Nomination and Remuneration Committee may, on such dates as it shall determine, Grant to such Employees as it may, based on the recommendation of the managing director and the chief executive officer of the Company, select Options on the terms and conditions (time based and/or based on Performance Parameters) and for the consideration as it may decide, subject to compliance with Applicable Law. The Employee identified for Grant of Options shall be furnished with: (i) the Letter of Grant; (ii) the disclosures prescribed under Applicable Law including the salient features of the Homefirst ESOP Scheme 2021;
- 5.4. In the event that the Employee refuses to accept the Grant, such Employee will have to communicate his refusal to accept the Grant, within 7 (seven) days from the Grant Date,

failing which, the Options shall be deemed to have been Granted.

- 5.5. The appraisal process for determining the eligibility of the Employees will be specified by the Nomination and Remuneration Committee, and will be based on criteria such as role/level of the Employee, past performance record, future potential of the Employee, balance number of years of service until normal retirement age and/or such other criteria that may be determined by the Nomination and Remuneration Committee at its sole discretion.
- 5.6. The Employees will not be required to pay any amount upfront, at the time of Grant. The only requirement of payment from the Employees shall be at the time of Exercise, by way of the Exercise Price / Grant Price and applicable taxes.
- 5.7. The Company will also make the necessary disclosures under the SEBI Regulations at the time of the Grant, including as provided in Part G of Schedule I of the SEBI Regulations.

## **6. Vesting Schedule and Conditions**

- 6.1. The Options Granted under Homefirst ESOP Scheme 2021 will Vest not earlier than 1 (one) year from the Grant Date in accordance with Applicable Law, unless otherwise specified therein and not later than such Vesting Period as set forth in Clause 6.5 below.
- 6.2. Provided that in case where Options are granted by the Company under this Homefirst ESOP Scheme 2021 in lieu of options held by a person under an employee stock option scheme in another company which has merged or amalgamated with the Company, the period during which the options granted by the transferor company were held by the person shall be adjusted against the minimum Vesting Period set out above.
- 6.3. Vesting of Options shall be subject to, amongst other things, the conditions that:
  - (A) a minimum of 1 (one) year has completed from Grant Date except in case of death or Permanent Incapacity of the Grantee, and
  - (B) the Grantee is (i) in continuous employment with the Company (or its Holding company or Subsidiary company or any other Group company); (ii) is not serving any notice of resignation/ termination on the date of such Vesting (except in the case of (a) death (see Clause 7.5); (b) Permanent Incapacity suffered by the Grantee (see Clause 7.6); (c) Retirement or Superannuation (see Clause 7.7)); and (iii) is not subject to any pending disciplinary proceeding.
- 6.4. In addition to this, the Nomination and Remuneration Committee may also specify certain Performance Parameters subject to which the Options would Vest. The specific Vesting schedule and conditions, if any, subject to which Vesting would take place would be outlined either in the Letter of Grant given to the Grantee at the time of the Grant of Options.

6.5. Vesting Period:

The Options Granted under the Homefirst ESOP Scheme 2021 shall Vest during the period between 3 (three) to 4 (four) years from the date of their Grant, in equal proportions unless otherwise determined by the Nomination and Remuneration Committee, upon the achievement of the Performance Parameters in the manner set out in the respective Letters of Grant issued by the Company. However, as specified in Clauses 7.5 and 7.6 below, in case of death or Permanent Incapacity of a Grantee, the minimum Vesting Period of 1 (one) year shall not apply.

6.6. Notwithstanding anything contained herein, the Nomination and Remuneration Committee may, subject to Applicable Law:

- (i) subject to compliance with the minimum Vesting period of 1 (one) year, accelerate the Vesting of the Options, in case of exceptional performance of an Employee or class of Employees or such other circumstances as may be decided by the Nomination and Remuneration Committee; or
- (ii) not Vest any of the Options already Granted; or
- (iii) Vest such lesser number of Options than as already Granted; or
- (iv) modify the vesting schedule in respect of the Options already Granted, as applicable, in the event it is found that (a) the Grantee has not satisfied any Vesting Condition; or (b) the Grantee has not met the Performance Parameters; or (c) has not performed upto the expectations; or (d) has not been regularly attending the office for a substantial period of time without any valid reason or authority; or (e) has been put on a modified employment arrangement such as part-time working, reassignment to lower accountability, sabbatical, leave without pay; or (f) is found to be guilty of fraud or misconduct; or (g) has violated the Company Policies/Terms of Employment; or (h) on account of such other circumstances as the Nomination and Remuneration Committee may in its absolute discretion decide, subject to Applicable Law.

**7. Exercise**

**7.1. Exercise Price / Grant Price:**

- (i) The Exercise Price / Grant Price would be equivalent to the Market Price. The Exercise Price / Grant Price shall be in compliance with the accounting standards specified under the SEBI Regulations, including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.
- (ii) The Exercise Price / Grant Price will be appropriately specified in the relevant Letter of Grant given to the Grantee at the time of the Grant of Options.



7.2. **Exercise Period:**

The Options Granted to a Grantee shall be capable of being Exercised within a period of 3 (three) years from the date of Vesting of the respective Options, in one or in multiple tranches.

7.3. **Exercise Application:**

- (i). The Grantee may, at any time during the Exercise Period, and subject to fulfillment of conditions of the Grant and Vesting, as applicable, Exercise the Options by submitting the Exercise Application to the Company, marked to the attention of Head of Human Resources and the Compliance Officer of the Company, for allotment of Equity Shares pursuant to the Vested Options, accompanied with the:
  - (a). payment of an amount equivalent to the Exercise Price / Grant Price, as the case may be, in respect of such Equity Shares; and
  - (b). such other documentation as the Nomination and Remuneration Committee may specify to confirm extinguishment of the rights comprising in the Options then Exercised, subject to Applicable Law.
- (ii). The Exercise Application shall be in such form as may be prescribed in this regard by the Nomination and Remuneration Committee and the Nomination and Remuneration Committee may determine the procedure for such Exercise from time to time.
- (iii). The Equity Shares will be allotted in dematerialized form only, unless otherwise determined by the Board / Nomination and Remuneration Committee.

7.4. Each Option would entitle the Grantee, on Exercise, to acquire 1 (one) Share (or such other number as adjusted for any change in capital structure of the Company and other corporate action, as the case may be, in terms of Clause 3.3 of this Homefirst ESOP Scheme 2021 or otherwise as adjusted from time to time, as may be determined by the Nomination and Remuneration Committee pursuant to the provisions of the Homefirst ESOP Scheme 2021). Provided that, in the event of Exercise of Options resulting in fractional Equity Shares, the Nomination and Remuneration Committee shall be entitled to round off the number of Equity Shares to be issued to the nearest whole number, and the Exercise Price / Grant Price shall be accordingly adjusted. All Equity Shares issued and allotted consequent to Exercise of Options shall rank *pari passu* with the then existing Equity Shares.

7.5. **In case of death:** In the event of the death of a Grantee while in employment, the Options shall Vest and can be Exercised as per Company Policies and as set out herein. All the Unvested Options Granted to the Grantee shall Vest in his nominee(s)/legal heir(s)/successor(s) immediately on the date of death of the Grantee. All the Options (including those which Vest upon the death of the Grantee) shall be Exercised by the nominee(s)/legal heir(s)/successor(s) of the Grantee within 12 (twelve) months from the

date of death of the Grantee (subject to the last date of Exercise not exceeding 3 (three) years from the date of each Vesting of Options, as the case may be), failing which, they shall lapse. The mode of nominating any person as a nominee would be prescribed by the Nomination and Remuneration Committee. In case of the death of any Grantee who has not nominated any person(s), the Options Granted shall be Exercisable by the legal heir(s) / successor(s) of such Grantee, provided however that the legal heir(s) / successor(s) shall be required to produce/furnish to the Company all such documents / indemnities as may be required by the Company to prove the succession to the assets of the deceased Grantee. In case the proof of succession is not produced to the Company within 6 (six) months from the date of death of the Grantee or such further time as the Nomination and Remuneration Committee may permit in its absolute discretion, the Options and shall lapse and shall be available for Grant by the Nomination and Remuneration Committee to any other Employee(s) as it may deem fit in its absolute discretion. It is hereby clarified that the minimum cliff period of 1 (one) year as regards Vesting will not apply in case of death of the Grantee.

- 7.6. **In case of Permanent Incapacity:** In the event of separation of a Grantee due to Permanent Incapacity while in employment, the Options shall Vest and can be Exercised as per the Company Policies and as set out herein. All the Unvested Options Granted to the Grantee shall Vest in him immediately on the date of such Permanent Incapacity. All the Options (including those which Vest upon the Permanent Incapacity of the Grantee) shall be Exercised by him within 12 (twelve) months from the date of separation on account of such Permanent Incapacity (subject to the last date of Exercise not exceeding 3 (three) years from the date of each Vesting of Options), failing which these shall lapse. In the event of death of the Grantee after such separation, the nominee(s)/legal heir(s)/successor(s) of such Grantee will be allowed to Exercise all Options (including those which Vest upon the Permanent Incapacity of the Grantee), within 6 (six) months from the date of separation of the Grantee on account of such Permanent Incapacity (subject to the last date of Exercise not exceeding 3 (three) years from the date of each Vesting of Options), failing which these shall lapse. It is hereby clarified that the minimum cliff period of 1 (one) year as regards Vesting will not apply in case of Permanent Incapacity of the Grantee.
- 7.7. **In case of Retirement or Superannuation:** Subject to Clause 6.5 above and Applicable Law (including the minimum Vesting Period of 1 (one) year), in the event of separation from employment due to Retirement or superannuation:
- (i). In case of Unvested Options: All Unvested Options shall Vest on the date of Retirement or superannuation; and subsequently all the Vested Options as on the date of Retirement or superannuation can be exercised by the Grantee within 6 months from such date of Retirement or superannuation.
  - (ii). In case of Vested Options: All the Vested Options shall be exercised within a period 6 (six) months from the date of Retirement or superannuation.

All Vested Options which are not Exercised within this period shall lapse on completion of 6 (months) from the date of Retirement or superannuation unless otherwise determined by

the Nomination and Remuneration Committee, whose determination shall be final and binding.

- 7.8. **Termination due to Cause to Company:** In the event of termination of the employment of a Grantee due to Cause, all Options Granted to such Grantee, including Unvested and Vested Options which were not Exercised prior to such breach, shall stand terminated with immediate effect. The date of such breach shall be determined by the Nomination and Remuneration Committee, and its decision on this issue shall be final and binding on all concerned. Further, the Options Granted but not Vested and the Vested Options which are not Exercised in case of a Grantee who has been suspended from the services of the Company or to whom a show cause notice has been issued or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to fraud, misconduct, violation of the Company Policies or terms of employment or for having committed or abetted any illegal or unlawful activity may, on the recommendation of the management, be suspended or kept in abeyance or cancelled at the sole discretion of the Nomination and Remuneration Committee. In the case of Options that have been suspended or kept in abeyance, the same may be permitted to Vest in the concerned Grantee on such additional terms and conditions, as may be imposed by the Nomination and Remuneration Committee in its absolute discretion. Cancelled Options if any, shall be treated as lapsed Options respectively and shall be available for Grant, as provided under Clause 3.4.
- 7.9. **In case of cessation of employment due to resignation by the Grantee:** In the event cessation of employment on account of resignation by the Grantee, all Unvested Options, shall expire and lapse with effect from date of submission of the termination/ resignation notice. However, all Vested Options as on such date shall be exercisable by the Grantee for a period of 6 (six) months from the last working date with the Company.
- 7.10. **Termination of employment for any reason other than for Cause:** In the event the Company terminates the employment of the Employee without Cause, all Unvested Options (including the ones in respect of which the minimum Vesting Period has not been met), shall expire and stand cancelled with effect from date of termination. However, all Vested Options shall be available to Exercise for a period of 6 (six) months from the date of termination.

## **8. Other Terms and Conditions**

- 8.1. Nothing herein is intended to or shall give the 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 Equity Shares covered by the Grant unless the Grantee Exercises the Options and becomes a registered holder of the Equity Shares.
- 8.2. If the Company issues bonus or rights shares or any other securities to the then existing shareholders of the Company, the Grantee will not be eligible for the same in the capacity of a Grantee. However, an adjustment to the number of Options or the relevant exercise price or both would be made in accordance with Clause 3.3 of the Homefirst ESOP Scheme

2021 and Applicable Law.

- 8.3. In the event of any change in the constitution of the Company namely change of control of the Company, re-structuring of the Company, including but not limited to, merger, de-merger, spin-off, reverse merger, subsidiarisation etc. or amalgamation of any other entity with the Company, outside the Group companies, the Nomination and Remuneration Committee would have the authority to alter all or any of the terms relating to the Grant or the Homefirst ESOP Scheme 2021 in general and would also have the authority to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion in the best interests of the Employees and as permitted under Applicable Law, so as to ensure that “fair” and equitable benefits under the Grant are passed on to the Grantees. The Nomination and Remuneration Committee shall take appropriate actions, in accordance with Applicable Law, to endeavour that the total value of the Options remains the same after the aforesaid corporate actions and in this regard shall if necessary, arrange issuance of fresh Options/ shares of the Subsidiary companies of the Company and/or resultant entities emerging due to such corporate actions.
- 8.4. No person other than the Grantee to whom the Option are granted shall be entitled to Exercise the Option except in the event of the death or Permanent Incapacity of the Grantee.
- 8.5. Notwithstanding anything contained elsewhere in the Homefirst ESOP Scheme 2021, the Company or the Board or the Nomination and Remuneration Committee will not be obliged to issue any Equity Shares upon Exercise of the Options or otherwise unless the issuance, transfer and delivery of such Equity Shares complies, in the judgment of the Company, with all the relevant provisions of Applicable Law including but not limited to, any applicable securities laws and the requirements of any Recognised Stock Exchange(s). In such event, the Company shall not be liable to pay any compensation or similar payment to any Employee for any loss suffered due to such refusal/ deferral to permit Exercise.
- 8.6. The Shares issued pursuant to any Exercise of Options, along with other Equity Shares issued by the Company, subject to Applicable Law and procedure, shall be subject to an approved scheme of buy-back by the Company and Applicable Law.
- 8.7. An Employee may surrender his Options (Vested and un-Exercised and Unvested) at any time during his employment with the Company till the Homefirst ESOP Scheme 2021 remains in effect. Any Employee willing to surrender his Options shall communicate the same, in writing, to the Nomination and Remuneration Committee. Thereafter, the surrendered Options shall lapse or expire with effect from the date of surrender and the underlying Shares shall become available for future Grant in the form of Options as provided under Clause 3.4.

## **9. Transferability of Options and Equity Shares**

The Options shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated or encumbered in any manner whatsoever, except in the event of death or Permanent Incapacity of the Grantee, in accordance with Clause 7.5 and Clause 7.6 of this

Homefirst ESOP Scheme 2021. The Company shall not recognise any transfer, pledge, hypothecation, mortgage or other alienation or encumbrance undertaken in violation of this condition. However, there will be no restriction on transferability of the Equity Shares which may be issued to the Employee upon Exercise of the Options pursuant to this Homefirst ESOP Scheme 2021, unless otherwise specified. However, Employees are required to always adhere to Applicable Law, and the terms of employment, including the Company's policies, while dealing in the Equity Shares or exercising any rights there under, including the Company's insider trading policy or code of conduct.

#### **10. Lock-in Period**

There will be no lock-in period in respect of the Equity Shares, which may be issued upon Exercise of the Options Granted pursuant to this Homefirst ESOP Scheme 2021.

#### **11. Tax Liability**

The liability of paying tax, if any, on the Options granted and exercised pursuant to the Homefirst ESOP Scheme 2021 and the Equity Shares issued pursuant to Exercise of Options shall be entirely on the Grantee (his nominee(s)/ legal heir(s)/ successor(s) as the case may be) and shall be in accordance with the provisions of Income Tax Act, 1961 (or any re-enactment thereof) and/or the rules framed there under and if such Grantee (his nominee(s)/ legal heir(s)/ successor(s) as the case may be) is resident in a territory outside India, it shall also be in accordance with tax laws applicable to such territory. In the event of any amendments or modifications to the provisions of the Income Tax Act, 1961 (or any re-enactment thereof) and/or the rules framed there under, as existing on the date of this Homefirst Scheme 2021, the Nomination and Remuneration Committee shall have the power to amend or modify this Homefirst ESOP Scheme 2021, without the consent of the Employees or the shareholders, as the case may be, in order to ensure that the Company is in the same position as it would have been had the amendments or modifications in the Income Tax Act, 1961 (or any re-enactment thereof) and/or the rules framed there under not been made.

#### **12. Tax Deduction at Source**

The Company shall have the right to deduct from the salary of the Grantee or receive from the Grantee (his nominee(s)/ legal heir(s)/ successor(s) as the case may be) any of the tax obligations, as stated in Clause 11 above, arising in connection with the Options or the Equity Shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver the Equity Shares upon Exercise of the Options, as the case may be, until the Company's tax deduction obligations, if any, have been satisfied by the Grantee.

#### **13. Authority to vary terms**

- 13.1. Subject to Applicable Law and obtaining shareholders' approval (if required), the Homefirst ESOP Scheme 2021 may be modified.

- 13.2. The Nomination and Remuneration Committee may vary the terms of this Homefirst ESOP Scheme 2021 to any meet any regulatory requirement without obtaining shareholders' approval by special resolution.

## **14. Miscellaneous**

### **14.1. Regulations**

This Homefirst ESOP Scheme 2021 shall be subject to Applicable Law and any approvals from the governmental authorities, as applicable.

### **14.2. Inability to obtain approval**

The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, or under Applicable Law, for the lawful issuance, transfer and sale (to the extent permitted by law) of any Equity Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue, transfer or sell (to the extent permitted by law) such Equity Shares.

- 14.3. The Grant of an Option does not form part of the Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Company give such person any right or entitlement to have an Option Granted to him in respect of any number of Equity Shares or any expectation that an Option might be Granted to him whether subject to any condition or at all.
- 14.4. Neither the existence of this Homefirst ESOP Scheme 2021 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 will in future have any such right, entitlement or expectation to participate in this Homefirst ESOP Scheme 2021 by being Granted an Option on any other occasion.
- 14.5. 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 the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 14.6. The Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise an Option in whole or in part.
- 14.7. Nothing contained in the Homefirst ESOP Scheme 2021 or in any Grant made hereunder shall:
- (i). confer upon any Employee any right with respect to continuation of employment or engagement with the Company; or

- (ii). interfere in any way with the right of the Company to terminate employment or services of any Employee at any time.
- 14.8. Neither the adoption of the Homefirst ESOP Scheme 2021 nor any action of the Nomination and Remuneration Committee shall be deemed to give an Employee any right to be Granted any Option to acquire Shares or to any other rights except as may be evidenced by a Letter of Grant.
- 14.9. Participation in this Homefirst ESOP Scheme 2021 shall not be construed as any guarantee of return on any investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments is that of the Employee alone. The Company shall not in any way be responsible for the loss, if any, that may arise as a result of any fluctuation in the market price of the equity shares of the Company.

## **15. Confidentiality**

Employees shall keep the details of the Options Granted to them strictly confidential and shall not share with, or disclose the said details to, any other person. In case of non-adherence of the provisions of this Clause, the Nomination and Remuneration Committee will have the authority to deal with such cases as it may deem fit in its absolute discretion. Any decision as may be taken by the Nomination and Remuneration Committee in this regard will be final and binding on all concerned.

## **16. Method used for Valuation of Options**

The Company shall value the Options as per Applicable Law and will make the necessary disclosures as may be required in this regard under Applicable Law.

## **17. Listing of the Equity Shares**

Subject to the approval of the Recognised Stock Exchange(s), the Equity Shares issued upon exercise of the Vested Options, shall be listed on such Recognised Stock Exchange(s).

## **18. Conformance to the Accounting Policies**

The Company shall follow the rules/regulations / Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein.

## **19. No Restriction on Corporate Action**

The existence of the Homefirst ESOP Scheme 2021 and any Grant made hereunder shall not in any way affect the right or the power of the Board or the shareholders of the Company to make or authorise any change in capital structure, including any issue of shares, debt or

other securities having any priority or preference with respect to the shares of the Company or the rights thereof or from making any corporate action which is deemed to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Homefirst ESOP Scheme 2021 or any Grant made under the Homefirst ESOP Scheme 2021. No Employee or other person shall have any claim against the Company as a result of such action.

## **20. New Schemes**

Nothing contained in the Homefirst ESOP Scheme 2021 shall be construed to prevent the Company from implementing any other new scheme, in accordance with Applicable Laws, for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have any adverse impact on the Homefirst ESOP Scheme 2021 or any Grant made under the Homefirst ESOP Scheme 2021. No Employee or other person shall have any claim against the Company as a result of such action.

## **21. Notices**

All notices or communication required to be given by the Company to a Grantee by virtue of this Homefirst ESOP Scheme 2021 shall be in writing and shall be sent to the address of the Grantee available in the records of the Homefirst and any communication to be given by a Grantee to the Company in respect of this Homefirst ESOP Scheme 2021 shall be sent, in writing, at the address mentioned below:

Ramakrishna V, Chief Human Resources Officer  
Home First Finance Company India Limited  
Address: 511, Acme Plaza, Andheri Kurla Road, Andheri East,  
Mumbai -400013, Maharashtra, India

## **22. Severability**

In the event that any term, condition or provision of this Homefirst ESOP Scheme 2021 is held to be a violation of or contrary to Applicable Law, the same shall be severable from the rest of this Homefirst ESOP Scheme 2021 and shall have no force and effect and this Homefirst ESOP Scheme 2021 shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Homefirst ESOP Scheme 2021. In the event of any inconsistency between any of the provisions of this Homefirst ESOP Scheme 2021 and the Applicable Law, the provisions as under the Applicable Law shall prevail.

## **23. Arbitration**

All disputes arising out of or in connection with this Homefirst ESOP Scheme 2021 or the Grant, Vesting or Exercise shall be referred for arbitration to a sole arbitrator (not being an employee) to be appointed by the Nomination and Remuneration Committee with the



consent of the Grantee. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be Mumbai, India and the proceedings shall be conducted in English.

**24. Governing Law**

The terms and conditions of the Homefirst ESOP Scheme 2021 shall be governed by and construed in accordance with the laws of India and Courts in Mumbai, India will, subject to Clause 23, have the exclusive right to adjudicate on any dispute in relation this Homefirst ESOP Scheme 2021.

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