

## INDIABULLS HOUSING FINANCE LIMITED

### **Indiabulls Housing Finance Limited Employees Stock Option Scheme - 2013 ("IHFL ESOS – 2013" or "Scheme")**

This IHFL ESOS – 2013 has been formulated pursuant to the authority granted by the shareholders vide their resolution passed in the Extra Ordinary General Meeting of the members of the Company held on 6<sup>th</sup> day of March, 2013. This Scheme has been formulated, to the extent applicable, in accordance with the provisions of Securities and Exchange Board of India ( Share Based Employee Benefits) Regulations, 2014 ("hereinafter referred to as "ESOP Regulations"), as amended, including any circulars / notifications / clarifications / guidelines / regulations etc., as may be issued by SEBI, from time to time ("ESOP Regulations").

The IHFL ESOS – 2013 is applicable to the grant of upto 39,000,000 stock options by the Compensation Committee. The Board of Directors of the Company may at any time, subject to compliance with applicable law, alter, amend, suspend or terminate this Scheme.

#### **1. Purpose**

The purpose of IHFL ESOS – 2013 is to reward and motivate Employees (as defined hereinafter) and to attract and retain the best talent by providing them an additional incentive in the form of stock options to acquire a certain number of equity shares of the Company at a future date. The IHFL ESOS – 2013 is aimed at further motivating the Employees and thereby increasing the profitability of the Company.

#### **2. Summary**

Pursuant to the Scheme, the Employees may be granted an option to purchase Shares of the Company.

#### **3. Definitions**

The following terms as used herein shall have the meaning specified:

- 3.1 **Compensation Committee** – means the Compensation Committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board and which will include Non-executive Independent Director.
- 3.2 **Company** – means Indiabulls Housing Finance Limited a Company incorporated under the Companies Act, 1956, having its registered office at M – 62 & 63, 1<sup>st</sup> Floor, Connaught Place, New Delhi – 110001, or any successor company thereto.



- 3.3 **Date of vesting** - means the date on which the Eligible Employee is given the right to apply for Shares of the Company against the Option Granted to him under IHFL ESOS – 2013, in terms thereof.
- 3.4 **Eligible Employee** – means an Employee who is selected by the Compensation Committee for Grant of Options, on the basis of criteria prescribed under this IHFL ESOS – 2013 and is otherwise eligible for all the benefits of this IHFL ESOS – 2013 and shall exclude (i) an Employee who is a ‘Promoter’ or belongs to ‘Promoter Group’ (as defined in the ESOS Regulations); and (ii) a Director who either by 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 and (iii) Independent Director
- 3.5 **Employee** - shall mean:
- (i) a permanent employee of the Company working in India or out of India; or
  - (ii) a director of the Company whether a whole time director or not but excluding an Independent Director; or
  - (iii) an employee as defined in sub-clauses (a) or (b) of a subsidiary, in India or out of India, or of a holding company of the Company or of an associate 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 percent of the outstanding equity shares of the company;
- 3.6 **Indiabulls Housing Finance Limited Employees Stock Option Plan 2013 or IHFL ESOS – 2013 or Scheme** - shall mean this scheme.
- 3.7 **ESOS Regulations**– shall mean the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014, as amended from time to time.
- 3.8 **Exercise** – means making of an application by the Eligible Employee to the Company for issue of Shares against the Option(s) Vested in him in pursuance of IHFL ESOS – 2013.
- 3.9 **Exercise Application** – is the application form as may be prescribed, in which the Eligible Employee has to apply to the Company along with a cheque/demand draft in respect of the Exercise Price or such other documents as may be prescribed pursuant to the provisions of this IHFL ESOS – 2013, for Exercising the Options Vested in him/her.
- 3.10 **Exercise Price** – will be the market price of the equity shares of the Company, being the latest available closing price, prior to the date of grant or the price as may be decided by the Board / Compensation Committee.
- 3.11 **Exercise Period** – is a period of 60 months, within which the Options Vested in any Eligible Employee have to be exercised.
- 3.12 **Grant** – means issue of Option, including re-grant of the options lapsed in terms of this Scheme, to an Eligible Employee under IHFL ESOS – 2013.





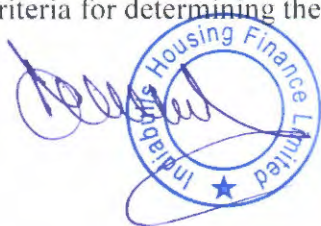
- 3.13 **Independent Director** - means the same meaning assigned to it in Clause 49 of the equity listing agreement as prescribed by the SEBI from time to time.
- 3.14 **Key Managerial Person** - means shall have the same meaning as defined under section 2 (51) of the Companies Act, 2013.
- 3.13 **Letter of Grant** – means the letter issued by the Company intimating the Eligible Employee of the Options Granted to him/her for acquiring a specified number of Shares at the Exercise Price.
- 3.14 **Letter of Vesting** – means the letter issued by the Company to an Eligible Employee intimating the Vesting of the Options pursuant to the Eligible Employee complying with the conditions prescribed hereunder prior to Vesting.
- 3.15 **Market Price**- means the latest available closing price, prior to the date of the meeting of the Board of Directors or Compensation Committee in which options are granted / shares are issued, 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.
- 3.16 **Option** - means a right (but not an obligation) granted to an Eligible Employee to apply for specified number of Shares of the Company at a future date and at a pre-determined price (being the Exercise Price). Each Option Granted would represent the right to apply for one Share (or such other number adjusted for any bonus, stock splits, consolidation or other reorganization of capital structure of the Company from time to time).
- 3.17 **Option Agreement** – means a written agreement between the Company and the Eligible Employee evidencing the terms and conditions of an individual Option granted. The Option Agreement is subject to terms of the IHFL ESOS – 2013.
- 3.18 **Option Grantee** – means an Eligible Employee having a right but not an obligation to Exercise Options Granted pursuant to IHFL ESOS – 2013.
- 3.19 **Promoter** - shall have the same meaning assigned to it under SEBI (ICDR) Regulations, 2009 and subsequent amendments thereto.
- 3.20 **Promoter Group** - shall have same meaning assigned to it under SEBI (ICDR) Regulations, 2009, provided where the promoter or promoter group is a body corporate, the promoters of that body corporates shall also be deemed to be promoters of such company.
- 3.21 **Shares** - means the equity shares of the Company of the nominal face value of Rs. 2/-, or such modified value due to any stock splits, consolidation or other reorganization of capital structure of the Company or as may be approved by the shareholders of the Company and securities convertible in to equity shares and shall include American Depository Receipt (ADR), Global Depository Receipt (GDR) or other depository receipt representing underlying equity shares or securities convertible in to equity shares.
- 3.22 **Subsidiaries** - means the subsidiaries of the Company, existing now or in future.



- 3.23 **SEBI** - means the Securities and Exchange Board of India.
- 3.24 **SEBI ICDR Regulations** means the **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.**
- 3.25 **Vesting** - means the process by which the Employee is given the right to apply for Shares of the Company against the Options granted to him in pursuance of this IHFL ESOS – 2013.
- 3.26 **Vesting period** - means the maximum period of 10 years within which the vesting of the option granted to the employee in pursuance of IHFL ESOS – 2013 takes place.
- 3.27 **Vesting Schedule** means the schedule for vesting of the Options granted to the Employees under this Scheme.
- 3.28 Any term not defined above, but defined in the ESOS Regulations shall have the meaning assigned to it under the said Regulations.

#### **4. Authority and Ceiling**

- 4.1 The Board of Directors of the Company in their meeting held on January 30, 2013 had resolved, subject to the approval of the shareholders, to issue under IHFL ESOS – 2013 Options exercisable into not more than 39,000,000 Shares to Employees, with each such Option conferring a right on the Employee to apply for one Share in accordance with the terms and conditions of the issue.
- 4.2 Subsequently, the shareholders of the Company at the Extra Ordinary General Meeting held on March 6, 2013 have resolved to issue under IHFL ESOS – 2013, Options exercisable into a maximum of 39,000,000 Shares of the Company, with each such Option conferring a right upon the Employee to apply for one Share, in accordance with the terms and conditions of such issue.
- 4.3 Subsequently, Compensation Committee of the Company in their meeting held on October 5, 2015, have resolved to make some changes in the scheme as are necessary in order to comply with the applicable provisions of ESOP Regulations.
- 4.4 Notwithstanding anything stated herein, but subject to the terms of the resolution passed by the shareholders of the Company on March 6, 2013, approving the issue of Shares to the Employees under employee stock option scheme(s) and the Regulations prescribed by the Securities and Exchange Board of India (“**SEBI**”) as applicable, the Board/Compensation Committee in its absolute discretion has been authorised to determine all the terms governing this IHFL ESOS – 2013 including any variation thereof and including but not limited to-
- a) determining the Employees amongst the different categories of Employees to whom the Options are to be Granted,
  - b) the date and time when the Options are to be Granted, including re-grant of the options lapsed in terms of the provisions of this Scheme.
  - c) the number of tranches in which the Options are to be Granted and the number of Options to be Granted in each such tranche,
  - d) the quantum of Options to be Granted at various points in time,
  - e) the Exercise Price for Options to be Granted at various points of time,
  - f) the criteria for determining the number of Options to be Granted to Employees,





- g) the period and date/s in relation to which the criteria are to be determined and fulfilment of conditions is to be verified,
- h) the number of Options to be Granted to each Employee,
- i) the terms and conditions subject to which the Options Granted would Vest in the Employee,
- j) the Date of Vesting of the Options Granted,
- k) the terms and conditions subject to which the Options Vested would be exercisable by the Employee,
- l) the period within which the Options have to be Exercised by the Employee,
- m) the number of Options to be apportioned/allocated for various grades of Employees,
- n) assignment of weightage to length of service, grade and performance rating,
- o) the number of Options reserved, if any, for Granting to new Employees who would join the services of the Company,
- p) the conditions under which Options Vested in Employees may lapse in case of termination of employment for misconduct,
- q) the specified time period within which the Employee shall exercise the Vested Options in the event of termination or resignation of an Employee,
- r) the right of an Employee to Exercise all the Options Vested in him at one time or at various points of time within the Exercise Period,
- s) the Grant, Vest and Exercise of Option in case of Employees who are on long leave,
- t) the procedure for cashless Exercise of Options, and
- u) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger etc.
- v) the criteria for determining the number of options to be regranted out of the pool comprised of the options lapsed due to resignation / termination / retirement / suspension or otherwise of the Employees(s).

4.5 The terms prescribed by the Compensation Committee shall be final and binding on all the Eligible Employees. All questions of interpretation of the IHFL ESOS – 2013 shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in IHFL ESOS – 2013 or such Option.

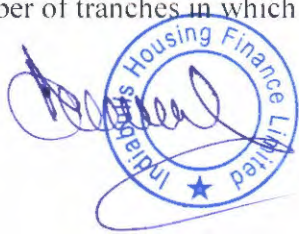
4.6 The number of members of the Compensation Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board of Directors of the Company, subject to the provisions of the ESOS Regulations and such other rules and regulations as may be in force.

4.7 No member of the Compensation Committee shall be personally liable for any decision or action taken in good faith with respect to the IHFL ESOS – 2013.

## **5. Total number of Shares in respect of which Options could be Granted (Total available Options)**

5.1 The maximum number of Shares in respect of which Options could be Granted, pursuant to this Scheme, is 39,000,000 Shares (or such other number adjusted for any bonus, stock splits, consolidation or other reorganisation of capital structure of the Company from time to time).

5.2 The Compensation Committee in its absolute discretion would be authorised to determine the number of tranches in which it would Grant the Options.



**6. Options allocated for various grades/groups of grades of Employees and for individual allotment**

The Compensation Committee would have the authority to allocate and Grant, at its sole discretion, certain number of Options out of the total available Options to certain grades/group of grades of Eligible Employees and/or certain individual Eligible Employees of the Company.

**7. Grant of Option and basis of determining the number of Options to be Granted**

- 7.1 The actual number of Options to be granted to each Eligible Employee would be in accordance with the criteria (including performance, merit, grade, conduct and length of service of the Employee) determined by the Compensation Committee in its absolute discretion.
- 7.2 Notwithstanding the above, the Compensation Committee may not Grant any Options in the event it is found that the Eligible Employee has not performed upto the expectations or has not been regularly attending the office for a substantial period of time without any valid reason or authority or is found to be guilty of gross misconduct or has violated the terms of employment or policies or procedures or codes or on account of such other circumstances as the Compensation Committee may in its absolute discretion decide.

**8. Vesting of the Options Granted**

- 8.1 Subject to such terms as the Compensation Committee may decide in its absolute discretion, the Options Granted under this Scheme will vest in accordance with the vesting Schedule. Options granted subsequently will vest in the manner determined by the Compensation Committee in its sole discretion.

Provided that:

- (i) The Company shall not grant any option to employees on long leave. Further if an employee who has been granted options proceeds on long leave, during the vesting period, then the option granted shall lapse. Also, an employee is not eligible for exercise of the vested options when he/she is on long leave. Such employee can exercise vested options only two months after he/she has joined back on duty after availing of the long leave, provided exercise period has not lapsed on the day of exercise of options. For this purpose the long leave shall mean leave in excess of 3 months excluding maternity leave.
- (ii) Upon the expiration of the initial term or any renewal term of the Employee's employment in the Company, or upon the earlier termination of the Employee's employment for any reason, no further options to purchase Shares subject to the Option will vest after the effective date of the expiration or termination.
- 8.2 Notwithstanding the above, the Compensation Committee shall be entitled to make the Vesting of any or all of the Options Granted to Eligible Employee(s) conditional upon fulfillment of such performance criteria whether of the Employee and/or any team or group of which he is a part and/or of the Company, as may be determined by the Compensation Committee or determine a Vesting Schedule other than that specified



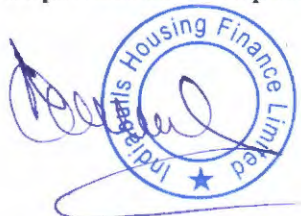


herein below at Schedule I for any Employee or class of Employees; Provided however that, unless otherwise provided in this IHFL ESOS – 2013, no Option granted under this IHFL ESOS – 2013 will vest before the expiry of one year from the date of Grant of the Option.

- 8.3 Notwithstanding the above, the Compensation Committee may not vest any of the Options already Granted or vest such lesser number of Options already Granted, in the event it is found that the Eligible Employee has not performed up to the expectations or has not been regularly attending the office for a substantial period of time without assigning any valid reason or proper authority or has found to have violated the terms of his/ her employment or policies or procedures or codes or on account of such other circumstances as the Compensation Committee may in its absolute discretion decide.

**9. Exercise of the Vested Options:**

- 9.1 Subject to such norms as may be prescribed by the Compensation Committee, all Vested Options will have to be exercised within 60 months from the date of respective Vesting. Options not exercised within the stipulated time, Options not Vested due to non-fulfilment of the stipulated conditions, Vested Options which the Employees have expressly refused to Exercise and any Options Granted but not Vested or exercised within the stipulated time due to any reasons shall lapse and these Options will be available for Grant by the Compensation Committee to any Employee(s) as it may deem fit in its absolute discretion.
- 9.2 Each Option would entitle the Eligible Employee, on Exercise, to acquire 1 (One) Share (or such other number adjusted for any bonus, stock splits, consolidation or other reorganisation of capital structure of the Company from time to time), as may be determined by the Compensation Committee pursuant to the provisions of this IHFL ESOS – 2013.
- 9.3 The Option Grantee may, at any time during the Exercise Period, and subject to fulfillment of conditions of the Grant and Vesting, Exercise the Options by submitting Exercise Application to the Company to issue and allot him Shares pursuant to the Vested Options, accompanied by payment of an amount equivalent to the Exercise Price in respect of such Shares and/or such other writing, if any, as the Compensation Committee may specify to confirm extinguishment of the rights comprising in the Options then Exercised. In the event of Exercise of Options resulting in fractional Shares, the Compensation Committee shall be entitled to round off the number of Shares to be issued to the nearest whole number, and Exercise Price shall be correspondingly adjusted.
- 9.4 The Exercise Application shall be in such form as may be prescribed in this regard and the Compensation Committee may determine the procedure for Exercise from time to time.
- 9.5 In the event that Employee duly exercises any Option pursuant to this Scheme and in accordance with the terms thereof, he/she will be deemed to have become the holder on record of the Shares on the day of allotment of such shares by the Board of Directors of the Company.
- 10. Event of death/permanent incapacity of the Eligible Employee who has been Granted Options**



- 10.1 Notwithstanding anything contained herein, in case of the death or permanent incapacity of any Eligible Employee whilst in the service or directorship of the Company, the Options Granted but not Vested in that Eligible Employee shall vest (i) in case of death in the person(s) nominated by such Eligible Employee or if nobody is so nominated in his legal heir or successor; and (ii) in case of permanent incapacity in the Eligible Employee himself.
- 10.2 In case of the death of any Eligible Employee whilst in the service of the Company, the Options shall be Exercisable by the person(s) nominated by such Eligible Employee and such Exercise shall be effected within the time stipulated in the Letter of Grant/Letter of Vesting. The mode of nomination would be intimated by the Company.
- 10.3 In case of the death of any Eligible Employee who has not nominated any person(s), the Options Granted but not Vested will vest in and shall be Exercisable by the legal heir(s) / successor(s) of the deceased Eligible Employee within such time as is stipulated in the Letter of Grant/Letter of Vesting; Provided however that the legal heir(s) / successor(s) shall be required to produce to the Company all such documents / indemnities as may be required by the Company to prove the succession of the assets of the deceased Eligible Employee. In case the proof of succession is not produced to the Company within two years from the date of death of the Eligible Employee or such further time as the Compensation Committee may permit in its absolute discretion, the Options shall lapse and shall be available for grant by the Compensation Committee to any other Employee(s) as it may deem fit in its absolute discretion.
- 10.4 Subject to anything contrary provided in the ESOS Regulations, the terms and conditions of Vesting and Exercise provided in this IHFL ESOS – 2013 (including under Clauses 8 and 9 herein), shall *mutatis mutandis*, apply to the Vesting and Exercise of Options referred to in this Clause 10, unless the Compensation Committee / Chairman of the Company decides otherwise.

## **11. Event of termination of service of the Eligible Employee who has been Granted Options**

### **11.1 Due to resignation of the Employee**

In case of termination of the services of the Eligible Employee due to resignation, the Options Granted but not Vested shall automatically lapse forthwith on submission of the resignation by the Employee, unless the Compensation Committee/Chairman of the Company decides otherwise. However, the Options Vested but not Exercised by an Eligible Employee who has resigned from the services of the Company could be Exercised by such Employee, provided such Eligible Employee does not engage in any capacity with any company or entity which is in similar business as that of the Company. The decision of the Compensation Committee/Chairman of the Company in this regard shall be final. All Options Vested and eligible for being Exercised shall be Exercised by the resigned Eligible Employee within 90 days from the date of Vesting, unless the Compensation Committee/Chairman of the Company decides otherwise.

### **11.2 Due to dismissal or discharge of the Employee**





In case of termination of the services of the Eligible Employee due to dismissal or discharge, the Options Granted but not Vested and the Options Vested but not Exercised shall, subject to any provision to the contrary in the ESOS Regulations, automatically lapse forthwith on the Eligible Employee being dismissed or discharged. In case the Compensation Committee, at any time during the currency of this IHFL ESOS – 2013, determines that any Employee is liable for misconduct or violation of any policies or Codes of the Company by any Employee, the Compensation Committee will have the right (on recommendation to that effect by the management) to cancel the Options Granted but not Vested and the Options Vested but not Exercised by such Employee. The determination by the Compensation Committee as aforesaid would be final for the purpose of this IHFL ESOS – 2013.

In certain extraordinary circumstances where any Eligible Employee has committed any act or omission which in the sole discretion and opinion of the management amounts to an act of moral turpitude and/or has resulted into loss of confidence, management will be within its rights to recommend the cancellation of the Options Granted but not Vested and the Options Vested but not exercised with respect to such Eligible Employee to the Compensation Committee. It is further clarified for the purpose of this Clause that the right of recommendation and deciding whether such an act or omission has occurred will be the sole discretion of the management without necessitating and/or undertaking any enquiry or investigation with respect to such matter.

### **11.3 Due to retirement of the Employee**

In case of Eligible Employees who are due for retirement in the normal course, Granted Options will be Vested as per Vesting Period specified in Clause 8 above, unless the Compensation Committee decides otherwise. Notwithstanding anything stated hereinabove, no Options shall vest in case the Eligible Employee retires from the services of the Company and engages in any capacity whatsoever with any company or entity which is in similar business as that of the Company, unless the Compensation Committee/Chairman of the Company decides otherwise.

All Options which are Vested but not Exercised by the Eligible Employee as on the date of his retirement in normal course, can be exercised by the Eligible Employee, within the Exercise Period specified under Clause 9 above, unless the Compensation Committee decides otherwise.

In case an Eligible Employee who has been Granted Options, retires prior to the date of retirement in normal course as prescribed by the Company for any reason whatsoever, all Options that are Vested in the Eligible Employee or that are to vest in the Eligible Employee subsequent to the date on which the Eligible Employee retired shall be dealt with in a manner as may be determined by the Compensation Committee in its absolute discretion.

For the purpose of this Clause 11.3, retirement in normal course would mean retirement on attaining the age as may be specified by the Company or on expiry of any extension of service allowed by the Company thereafter.

In case of termination of the services of the Eligible Employee due to his/her retirement pursuant to a scheme of voluntary retirement as formulated by the Company, the terms



relating to Vesting and Exercise shall be separately framed by the Compensation Committee, as and when required.

**12. Suspended Employees and Employees under enquiry**

The Options Granted but not Vested and the Options Vested but not Exercised in case of an Eligible Employee 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 misconduct, violation of policies or codes of the Company 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 Compensation Committee. In case of Options that have been suspended or kept in abeyance, the same may be Vested in the concerned Eligible Employee on such additional terms and conditions, as may be imposed by the Compensation Committee in its absolute discretion. Cancelled Options, if any, shall be ploughed back to the pool of lapsed Options and shall be available for Grant, as provided under Clause 21.

**13. Shareholder's approval**

This IHFL ESOS – 2013 has been framed in terms of the approval of the shareholders of the Company granted by resolution passed by shareholders at the Extra Ordinary General Meeting of the Company held on March 6, 2013.

**14. Transferability of Shares**

Subject to the provisions of this IHFL ESOS – 2013, Options granted to an Eligible Employee shall not be transferable to any person. No person other than the Eligible Employee to whom the Option is granted shall be entitled to Exercise the Option.

**15. Lock-in period**

There will be no lock-in period in respect of the Shares, which may be issued/allotted on Exercise of the Options Granted pursuant to this Scheme, however there shall be minimum vesting period of one year.

**16. Other conditions**

16.1 The Eligible Employee shall not, directly or indirectly, sell, pledge, assign, hypothecate or otherwise transfer or dispose of (hereinafter collectively referred to as 'alienation') all or any unexercised portion of the Options or the rights and benefits attached thereto. The Company shall not recognise any alienation done in violation of this condition

16.2 The Company will not be obliged to sell, issue or allot any Shares upon Exercise of the Options or otherwise unless the issuance and delivery of such Shares complies, in the judgement of the Company, with all the relevant provisions of applicable law and other legal regulations, including but not limited to, any applicable securities laws and the requirement of any stock exchanges in which the Shares of the Company are listed.

16.3 In the event of the Company issuing any Shares or other benefits (other than the dividends declared and/or paid) to the existing shareholders at any time after the date of the Grant of





Options to the Employees or in case of other corporate actions like rights issues, bonus issues, merger, sale of division etc., the Compensation Committee, at its sole discretion, will have the right to adjust the number of Options and/or alter the Exercise Price in respect of Options which are not Exercised to ensure that similar benefits accrue to the Employees to whom the Options are Granted.

16.4 The following general provisions shall apply to the Options Granted pursuant to this Scheme:

- (i) Neither the Eligible Employee nor any person claiming under or through the Eligible Employee will have any of the rights or privileges of a shareholder of the Company (including the right to receive any dividends or to vote at any meeting of the Company) in respect of any Shares to be issued upon Exercise of the Options unless and until certificates representing such Shares have been issued and delivered or, if the Shares may be held in dematerialised form, unless appropriate entries evidencing such transfer is made in the register of Members of the Company /Statement of Beneficial Position maintained by the Depositories..
- (ii) Subject to the limitations in this IHFL ESOS – 2013 on the transferability by the recipient of the Option and any Shares issued pursuant thereto, this IHFL ESOS – 2013 and all the terms of Grant of the Options will be binding and inure to the benefit of the successors and assigns of the Option Grantees.

16.5 In the event of any change in the constitution of the Company, change of control of the Company, re-structuring of the Company including but not limited to, merger of the Company with any other entity, de-merger, spin-off, reverse merger, subsidiarisation etc. or amalgamation of any other entity with the Company, the Options Granted herewith shall vest subject to the minimum time for Vesting prescribed under ESOP Regulations. In such an event the Compensation Committee would have the authority to alter all or any of the terms relating to the Grant of this IHFL ESOS – 2013 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 and as permitted under law, so as to ensure that the benefits under the Grant are passed on to the Eligible Employees by the merged / demerged / restructured / resultant entity. The Compensation Committee shall take appropriate actions to ensure that total value of the Options remains the same after the aforesaid corporate actions and in this regard shall if necessary, issue fresh Options/shares of the subsidiary companies of the Company and/or resultant entities emerging due to such corporate actions.

16.6 In the event the services of an Employee, to whom the Options have been granted, are being transferred / deputed to a subsidiary / holding / Group Company / body corporate, in which the Company holds direct or indirect minimum controlling interest of 26%, on mutually agreed terms, the unvested Options will vest in the Optionee as per Vesting Schedule, subject to the condition that such Employee continues to be an employee of the said transferee company.”

16.7 All Shares of the Company allotted consequent to Exercise of Options shall rank pari passu with the existing Shares of the Company.

16.8 The liability of paying tax, if any, on the Options Granted pursuant to this IHFL ESOS – 2013 and the Shares issued pursuant to Exercise of Options shall be entirely on the Employees and shall be in accordance with the provisions of Income Tax Act, 1961 and the





Rules framed thereunder. Further, the Company shall be entitled to claim from the employees all amounts payable in respect of the Options Granted or exercised, if any, required to satisfy any tax obligations, which may arise in connection with the Grant or Exercise of Option by the Employee. The Employee will further be taxed on the short-term or long-term capital gains that may arise upon sale of Shares. In the event of any amendments or modifications to the provisions of the Income Tax Act, 1961 and/or the Rules framed thereunder, as existing on the date of this IHFL ESOS – 2013, the Compensation Committee shall have the power to amend or modify this IHFL ESOS – 2013, without 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 and/or the Rules framed thereunder have not been made.

- 16.9 Each Employee and the Compensation Committee shall ensure that there is no violation of the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended or other applicable restrictions for prevention of fraudulent and/or unfair trade practices relating to the securities market.

**17. Cashless Exercise:**

Notwithstanding anything contained herein, an Eligible Employee will have a right to opt for cashless Exercise where under the Company may on a best effort basis arrange for a loan to the Eligible Employee to enable him/her to pay for the Exercise Price in respect of the Options Exercised by the Eligible Employee at such terms as the Company and/or the Compensation Committee may decide. Out of the Shares allotted consequent to Exercise and payment of Exercise Price, the Company would have the authority to sell such number of Shares at such time and at such price and through such mode as it may deem fit to enable it to recover the loan amount availed as aforesaid for payment of the Exercise Price together with interest and costs associated thereto as also for payment of taxes payable, if any, consequent to the said Exercise and sale of the Shares. After such appropriation the Company shall hand over the balance Shares to the Employee. The right provided to the Eligible Employee to opt for cashless Exercise shall be subject to the discretion of the Compensation Committee and the decision of the Compensation Committee in this regard shall be binding on the Eligible Employees. The Company shall not in any way be responsible for the loss, if any, that may arise as a result of a fluctuation in the market price of the Shares whilst selling the Shares under the cashless mechanism.

**18. Procedure of Granting, Vesting and Exercising**

**18.1 Granting:**

The Compensation Committee would authorise an official of the Company to issue letters to all the Eligible Employees who have been Granted Options, intimating the number of Options Granted and the conditions subject to which the Options are Granted, within such time from the date of Grant as it may deem fit.

**18.2 Vesting:**

In case the Eligible Employee complies with all the pre-Vesting conditions, an authorised official of the Company would issue a letter to such Eligible Employee intimating the





number of Options Vested. Along with such intimation, the Eligible Employee would be given a format of Exercise Application to be used by him for Exercising the Options.

### 18.3 Exercise:

- (a) An Eligible Employee wishing to Exercise the Options Vested in him, shall have to submit the Exercise Application (in the specified format which would be sent to him alongwith the Letter of Vesting) to such official(s) of the Company as may be intimated in the said Letter of Vesting. In case the Eligible Employee wishes to opt for cashless Exercise, he should submit the Exercise Application for Exercise along with other documents required to be submitted for the said purpose. The said documents will be sent along with the Letter of Vesting.
- (b) In case the Eligible Employee wishes to Exercise the Options by paying the Exercise Price, then such Eligible Employee shall have to pay the Exercise Price. In such cases the Eligible Employee should submit the Exercise Application to the Company alongwith a Cheque/ Demand Draft for the Exercise Price amount being the number of Options Exercised multiplied by the Exercise Price per Option. Such Cheque/ Demand Draft should be in favour of 'Indiabulls Securities Limited' drawn on any bank payable in New Delhi or Mumbai.
- (c) The Options Vested in the Eligible Employees could be Exercised by them within the Exercise Period in such number of tranche(s) as they may desire, subject to the following:
  - (i) In case of Eligible Employees who have been Vested more than 1000 Options, the Options can be Exercised in any numbers of tranches; Provided that the minimum number of Options that could be Exercised in one tranche should not be less than 500 Options.
  - (ii) In case of Eligible Employees who have been Vested 1000 or less than 1000 Options, the Options can be Exercised in maximum of 10 tranche of any number of Options.
  - (iii) An Option Grantee will be entitled to Exercise only one tranche of Options in a calendar fortnight.
- (d) For all Options Exercised in the first half of the month, allotment of Shares will be made by the end of the month and for Options Exercised in the second half of the month, the allotment of Shares will be made by the 15<sup>th</sup> of the following month.

### 19. Interpretation:

Any dispute, discrepancy or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with this IHFL ESOS – 2013 shall be referred to the Compensation Committee and shall be determined by the Compensation Committee and any such determination/ decision/interpretation by the Compensation Committee shall be binding on all persons affected thereby.

### 20. ESOP-2013 subject to regulations



- 20.1 The IHFL ESOS – 2013 shall be subject to regulatory provisions as also the rules framed by the Company for its employees, as may be applicable from time to time.
- 20.2 The IHFL ESOS – 2013 shall, at all times, comply with the provisions of the Regulations prescribed by the Central Government vide Notification No. 323/2001 dated October 11, 2001 relating to employee stock options, ESOP Regulations, as may be amended from time to time, exchange control regulations including the Foreign Exchange Management Act, 1999 and the regulations issued thereunder and any other applicable laws, rules and regulations (collectively referred to as the “Applicable Laws”). The Grant of Option and its conversion to Shares under this IHFL ESOS – 2013 shall entitle the Company to require the Employee to fully comply with such requirements of all such Applicable Laws as may be necessary. In the event of any variation between the provisions of the IHFL ESOS – 2013 and the Applicable Laws, the provisions of Applicable Laws shall prevail over the IHFL ESOS – 2013 and the provisions of the IHFL ESOS – 2013 shall be deemed to have been amended so as to be read in consonance with the Applicable Laws.

## **21. Lapsed Options**

Options, if any, lapsed under IHFL ESOS – 2013, shall be available for re-grant, at the sole discretion of the Compensation Committee to such Employees, whether or not on the rolls of the Company whether under the present IHFL ESOS – 2013 or under a new scheme, subject to compliance of the provisions of ESOS Regulations. The terms relating to Exercise Price, Exercise Period, Vesting etc. in respect of such lapsed Options to be re-granted, as aforesaid, will be determined by the Compensation Committee at the time of re-grant as it may deem fit in its absolute discretion.

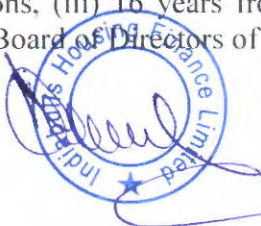
## **22. Right to modify the IHFL ESOS – 2013**

- 22.1 The Compensation Committee will at its absolute discretion have the right to modify / amend the IHFL ESOS – 2013 in such manner and at such time or times as it may deem fit, subject however that any such modification / amendment shall not be detrimental to the interest of the Option Grantees/Employees and approval wherever required for such modification and/or the amendment is obtained from the Shareholders of the Company in terms of the ESOS Regulations.
- 22.2 The Compensation Committee may re-price the Options, which are not Exercised, if IHFL ESOS – 2013 is rendered unattractive due to fall in the share price in the stock market. Provided that the Compensation Committee shall ensure that such re-pricing shall not be detrimental to the interest of the Option Grantees/Employees and such re-pricing is in terms / compliance of the ESOS Regulations.

## **23. Effective date and duration of the IHFL ESOS – 2013**

The IHFL ESOS – 2013 shall be deemed to have come into force on March 6, 2013.

The Scheme shall remain in effect until (i) all Options Granted under the Scheme have been Exercised; (ii) all Options granted under the Scheme have expired by reasons of lapse of time or otherwise and the Compensation Committee does not intend to reissue these lapsed Options, (iii) 16 years from the date of institution of the Scheme or (iv) terminated by the Board of Directors of the Company, whichever is earliest.





**24. Confidentiality**

Eligible Employees shall keep the details of the Options Granted to them strictly confidential and shall not share/disclose the said details with/to any other Employee. In case of non-adherence to the provisions of this Clause, the Compensation Committee will have the authority to deal with such cases as it may deem fit in its absolute discretion.

**25. No Right to an Award:**

Neither the adoption of the IHFL ESOS – 2013 nor any action of the Compensation 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/Letter of Vesting.

**26. The method used by the Company to value its Options whether fair value or intrinsic value**

The Company shall follow the intrinsic value method for computing the compensation cost for the Options Granted. The difference between the compensation cost so calculated and the compensation cost that would have been recognised if the Company had used fair value method and its impact on the profits and earnings per share shall be disclosed in its Directors' Report.

**27. Listing of the Shares**

Subject to the approval of the stock exchanges, the Shares issued and allotted on Exercise of the Options shall be listed on such stock exchanges on which the Shares of the Company are listed from time to time.

**28. Conformance to the accounting policies specified in Clause 15 of the ESOP Regulations**

The Company shall conform to the accounting policies prescribed by Securities and Exchange Board of India and as specified by the ESOP Regulations from time to time.

**29. No Rights Conferred:**

29.1 Nothing contained in the IHFL ESOS – 2013 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 afford any 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), or
- (ii) interfere in any way with the right of the Company to terminate employment or services of any Employee at any time;
- (iii) entitle any Option Grantee 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 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).

- 29.2 The Grant of an Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment neither does the existence of a contract of employment between any person and the Company give such person any right, entitlement or expectation to have an Option granted to him in respect of any number of Shares.
- 29.3 Neither the existence of this Scheme nor the fact that any individual has on any occasion been granted an Option shall give such individual any right, entitlement or expectation that he has or in future will have any such right, entitlement or expectation to participate in this Scheme by being granted an Option on any other occasion.

**30. Tax Deduction at Source:**

The Company shall have the right to deduct, in connection with all Grants, all taxes, if any, required by law to be deducted at source and to require any payments necessary to enable it to satisfy such obligations.

The Option Grantee and/or holder of Shares will authorise the Company or its nominee to sell such number of Shares as would be necessary to discharge the obligation in respect of tax deduction at source and appropriate the proceeds thereof on behalf of the Employee.

**31. Insider Trading**

The Participant shall ensure that there is no violation of:

- (a) Insider Trading Regulations of the Country and/or the Recognized Stock Exchange on which the shares of the Company are listed, or
- (b) Other applicable restrictions for prevention of Fraudulent and/or Unfair Trade Practices relating to the Securities Market.

The Participant shall keep the Company, Compensation Committee and the Board, fully indemnified in respect of any liability arising for violation of the above provisions.

**32. No Restriction on Corporate Action:**

The existence of the IHFL ESOS – 2013 and the Grants made hereunder shall not in any way affect the right or the power of the Board of Directors 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 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 IHFL ESOS – 2013 or any Grant made under the IHFL ESOS – 2013. No Employee or other person shall have any claim against the Company as a result of such action.

**33. New Schemes:**





Nothing contained in the IHFL ESOS – 2013 shall be construed to prevent the Company directly from implementing any other new scheme for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the IHFL ESOS – 2013 or any Grant made under the IHFL ESOS – 2013. No Employee or other person shall have any claim against the Company as a result of such action.

**34. IHFL ESOS – 2013 severable:**

In the event that any term, condition or provision of this IHFL ESOS – 2013 being held to be a violation of or contrary to, any applicable law, statute or regulation the same shall be severable from the rest of this IHFL ESOS – 2013 and shall be of no force and effect and this IHFL ESOS – 2013 shall remain in full force and effect as if such term, condition or provision had not originally been contained in this IHFL ESOS – 2013.

**35. Adoption of Scheme by the Subsidiaries Companies**

This Scheme shall be extended to an Employee of a Subsidiary Company, only if the board of directors of the respective Subsidiary Companies, accept and adopt the Scheme. All grants made under the Scheme shall be deemed to have been made to the Employee at the behest and on behalf of the respective Subsidiaries Company. The Subsidiaries Company, in so far as the terms and conditions of the Scheme apply to it, shall be bound by the terms and conditions thereof.

**36. Arbitration**

All disputes arising out of or in connection with the IHFL ESOS – 2013 or the Grant shall be referred to for arbitration to a single Arbitrator to be appointed by the Company. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be New Delhi, India.

**37. Governing Laws:**

The IHFL ESOS – 2013 has been framed in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 1999, as amended from time to time, and shall be construed in accordance with the laws of India and subject to the jurisdiction of Court in New Delhi, India only.

**38. Notices**

All notices of communication required to be given by the Company to an Option Grantee by virtue of this Scheme shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee to the Company in respect of this Scheme shall be sent to the registered office of the Company.

**39. Vesting Schedule**

The options shall vest as per the vesting schedule as may be decided by the Compensation Committee and mentioned in the grant letter/option agreement to be entered into between the Company and option grantee.

