



## EMPLOYEE STOCK OPTION SCHEME -2017

(Approved by the Board of Directors at its meeting held on January 28, 2017)

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**CAPRI GLOBAL HOUSING FINANCE LIMITED**

**CIN: U65990MH2006PLC161153**

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## 1. Introduction:

This document is private and confidential and for the purposes of the addressee hereto and sets out the features of Capri Global Housing Finance Limited Employee Stock Option Scheme 2017 (hereinafter referred to as 'CGHFL ESOP Scheme'), the duties and responsibilities of the Employees as also the benefits and the procedure to be followed.

## 2. Purpose:

The objective and purpose of the Scheme is:

- (a) to promote the best interests of the Company and its Members by encouraging Employees to acquire an ownership interest in the Company by purchase of Shares of the Company, thus aligning their interests with those of the Members of the Company;
- (b) to promote the long term interests of the Company by providing an incentive to attract, retain and reward Employees (as defined below) performing services for the Company whether directly as an Employee of the Company or indirectly as an Employee of the Holding Company ("**HoldCo**") and its Subsidiary(ies) and by motivating such Employees to contribute to the growth and profitability of the Company, and thereby promoting the welfare of the Employees;

## 3. Definitions:

- i. "**Agreement**" means the Employee Stock Option Agreement between the Company and the Option Grantee evidencing the terms and conditions of an individual Employee Stock Option, if any.
- ii. "**Applicable Law**" means the legal requirements relating to Employee Stock Options, including, without limitation, the Companies Act, 2013, SEBI Act, the SEBI Guidelines and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction.
- iii. "**Board**" means the Board of Directors of the Company.
- iv. "**Companies Act**" means The Companies Act, 2013 and includes any statutory modifications or reenactments thereof.
- v. "**Company**" means Capri Global Housing Finance Limited.
- vi. "**Nomination and Remuneration Committee**" means a Committee constituted by the Board of Directors from time to time to administer CGHFL ESOP Scheme.
- vii. "**Director**" means a member of the Board of the Company.
- viii. "**Eligibility Criteria**" means the criteria as may be determined from time to time by the Nomination and Remuneration Committee for granting the Employee Stock Options to the Employees.
- ix. "**Eligible Employee**" means (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 (i) or (ii) in this Para, of a subsidiary, in India or outside India, or of a holding company of the Company, but excludes
  - i. an employee who is a promoter or belongs to the promoter group;
  - ii. a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company.

- x. **“Employee Stock Option” or “Option”** means the option granted to an Employee, which gives such Employee the right to purchase or subscribe at a future date the shares underlying the option at a pre-determined price.
- xi. **“Exercise”** of an Option means expression of an intention by an Employee to the Company to purchase the Shares underlying the Options vested in him, in pursuance of the CGHFL ESOP Scheme, in accordance with the procedure laid down by the Company for exercise of options.
- xii. **“Exercise Period”** means such time period after vesting within which the Employee should exercise the options vested in him in pursuance of the CGHFL ESOP Scheme.
- xiii. **“Exercise Price”** means the price payable by an Employee in order to exercise the Option granted to him in pursuance of the CGHFL ESOP Scheme.
- xiv. **“Grant”** means issue of Options to the Employees under the CGHFL ESOP Scheme.
- xv. **“Fair Market Value”** means an amount established by the Nomination and Remuneration Committee which may be determined based on the audited financial statements of the Company.
- xvi. **“Holding company”** means any company which shall be a holding company of the Company in terms of Section 2(46) of the Companies Act, 2013 as may be amended or substituted from time to time.
- xvii. **“Option Grantee”** means an Eligible Employee having a right but not an obligation to exercise an Employee Stock Option in pursuance of the CGHFL ESOP Scheme.
- xviii. **“Parent company”** means any holding company of the Company.
- xix. **“Permanent Incapacity”** means any disability 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 Compensation/Remuneration Committee based on a certificate of a medical expert identified by such Committee.
- xx. **“Promoter”** means (a) the person or persons who are in over-all control of the company; (b) the person or persons who are instrumental in the formation of the company or programme pursuant to which the shares were offered to the public; (c) the person or persons named in the offer document as promoter(s). Provided that a director or officer of the company if they are acting as such only in their professional capacity will not be deemed to be a promoter.
- xxi. **“Promoter Group”** means (a) an immediate relative of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons V whose shareholding is aggregated for the purpose of disclosing in the offer document “shareholding of the promoter group”.
- xxii. **“Retirement”** means retirement as per the rules of the Company.
- xxiii. **“SEBI Act”** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.
- xxiv. **“SEBI Guidelines”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended and includes all regulations and clarifications issued there under.
- xxv. **“Shares”** means equity shares of the Company arising out of the exercise of Employee Stock Options granted under the CGHFL ESOP Scheme.
- xxvi. **“Subsidiary company”** means any future subsidiary company of the Company, as defined in the Companies Act, 2013.
- xxvii. **“Vesting”** means earning by the Option Grantee, of the right to apply for Shares of the Company against the Employee Stock Options granted to him in pursuance of the CGHFL ESOP Scheme.
- xxviii. **“Vesting Condition”** means any condition subject to which the options granted would vest in an Option Grantee.
- xxix. **“Vesting Period”** means the period as may be specified in the Letter of Offer, provided that such date shall not be less than one year from the date of Grant.

- xxx. “**Vested Option**” means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.
- xxxi. “**Unvested Option**” means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.

#### **4. Interpretation**

In this Plan, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

#### **5. Administration**

- 5.1. The CGHFL ESOP Scheme shall be administered by the Nomination and Remuneration Committee (NRC). All questions of interpretation of the CGHFL ESOP Scheme or any Employee Stock Option shall be determined by the NRC and such determination shall be final and binding upon all persons having an interest in the CGHFL ESOP Scheme or such Employee Stock Option.
- 5.2. The NRC shall in accordance with this Scheme and applicable laws determine the detailed terms and conditions of the Employee Stock Options, including but not limited to:
- (a) The quantum of Employee Stock Options to be granted under the CGHFL ESOP Scheme per Employee and in aggregate, subject to the ceiling as specified in Clause 7.1;
  - (b) The Eligibility Criteria subject to which an Employee would become entitled to be granted options under the Scheme;
  - (c) The Schedule for Vesting of Employee Stock Options;
  - (d) Vesting Conditions;
  - (e) The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for misconduct;
  - (f) The procedure for making a fair and reasonable adjustment to the number of Employee Stock Options and to the Exercise Price in case of a corporate action such as rights issues, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration by the NRC:
    - (i) the number and / or the price of the Employee Stock Options shall be adjusted in a manner such that the total value of the CGHFL ESOP Scheme remains the same before and after such corporate action;
    - (ii) for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
    - (iii) the Vesting Period and the life of the Employee Stock Options shall be left unaltered as far as possible to protect the rights of the Option Grantee.

- (g) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of Employees who are on long leave;
- (h) The procedure for cashless exercise of Employee Stock Options, if required;
- (i) Approve forms, writings and/or agreements for use in pursuance of the CGHFL ESOP Scheme.
- (j) Frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, if any, by any Employee.
- (k) Frame any other byelaws, rules or procedures as it may deem fit for administering CGHFL ESOP Scheme.

The NRC shall determine such matters as envisaged in point 5.2., as it may perceive to be operational in nature and such operational matters may be delegated to any Committee formed by it or by the Board for the purpose of consideration .

## **6. Eligibility and Applicability**

- 6.1. Only Eligible Employees will be covered under CGHFL ESOP Scheme. The Eligible Employees to whom the options would be granted would be determined by the NRC. Notwithstanding anything contained herein, the NRC in consultation with the Board may recommend such other Employees as eligible for grant of Options in accordance with the provisions contained herein.
- 6.2. The Scheme shall be applicable to the Company, its subsidiary company(ies), if any in India, its holding company and its subsidiary(ies) and any successor company thereof.
- 6.3. Unless otherwise provided by the NRC at the time the Employee Stock Options are granted, the Employee Stock Options granted to an Employee shall be subject to the terms and conditions set forth in this Scheme as approved by the NRC.

## **7. Options to be granted**

- 7.1. The total number of Stock Options proposed to be granted to Eligible Employee(s) under this Scheme (subject to approval of Members at the general meeting), shall not exceed 62,50,000 number of options convertible into equivalent number of shares of Rs. 10/- each equivalent to 25% of the present issued equity share capital of the Company.
- 7.2. The NRC shall be authorised to decide the eligibility of the Employees to whom the Options shall be granted and to determine the exact number of Stock Options proposed to be granted under the CGHFL ESOP Scheme from time to time to the Eligible Employees. However, the total number of stock options that may be granted to any specific employee under this Scheme shall not exceed 1% of the issued capital of the Company at the time of grant of stock options, except with the prior approval of Members.
- 7.3. Each Stock Option, when exercised would be converted into one Equity Share of Rs. 10/- each fully paid-up.
- 7.4. The Eligible Employees shall have the option, but no obligation to exercise Options offered to him, to purchase Shares of the Company during the Exercise Period.

- 7.5. The Stock Options will lapse if not exercised within the specified exercise period as specified under the Scheme. Vested Stock Options that lapse due to non-exercise or unvested Stock Options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.
- 7.6. The Company reserves the right to increase or reduce such number of shares as it deems fit subject to Members approval, in accordance with applicable laws.

## **8. Vesting Schedule / Conditions**

- 8.1. The Vesting will commence one year from the date of Grant and may extend up to five years from the date of Grant. The percentage of vesting each year shall be at the rates decided by the NRC.
- 8.2. The NRC shall be authorized to vary the vesting schedule as it may deem appropriate from time to time.
- 8.3. Vesting of options for the Eligible Employee would be subject to continued employment with the Company and thus the options would vest on passage of time. However, in addition to this, the NRC may also specify certain performance parameters subject to which the options would vest.
- 8.4. In case, options are granted by the Company under its Employees Stock Option Scheme in lieu of options held by the same person under an Employees Stock Option Scheme in another company, which has merged or amalgamated with the Company, the period during which the options granted by the merging or amalgamating company were held by him shall be adjusted against the minimum vesting period required under this clause.
- 8.5. Notwithstanding anything contained herein, the NRC, at its sole and absolute discretion shall have the right to advance or postpone any or all Vesting under this Scheme, subject to applicable laws.

## **9. Exercise Price**

The Exercise Price per share will be either of :

- i) 25% discount to the prevailing book value of the equity shares of the Company as per the latest audited financial statements; or
- ii) Face value of the shares; or
- iii) Price fixed at the time of grant of options.

The NRC is authorized to decide the exercise price and vary the exercise price as it may deem fit, if the circumstances warrant.

Payment of the Exercise Price shall be made by deducting the amount from the salary; a crossed cheque or a demand draft drawn in favour of the Company, or in such other manner as the NRC may decide.

## **10. Exercise Period:**

- 10.1. The Exercise Period in respect of the Vested Options shall commence from the Date of Vesting and will lapse on completion of 1 years from the Date of Vesting of the respective Options or within such further period as may be determined by the NRC from time to time. The NRC may grant an extension upon a specific request made by the concerned Employee to this effect.
- 10.2. Further, the following factors shall be taken note of :

- a) The Eligible Employee can exercise his right to convert the options into shares either in full or in stages by addressing a communication to the Human Resource Department or such other person as may be notified from time to time. He has to mention the number of shares that he is willing to take under CGHFL ESOP Scheme.
- b) In the event of resignation / termination of the Employee from employment with the Company, all the Unvested Options shall stand cancelled on the date of submission of the resignation. However, all the Vested Options as on the date of submission of resignation/ date of termination shall be exercisable by the employee before his last working day with the Company.
- c) In the event of retirement from employment with the Company, all Vested Options should be exercised by the Option Grantee immediately after, but in no event later than six months from the date of such Option Grantee's retirement, and all Unvested Options will stand cancelled as on the date of such retirement, unless otherwise determined by the NRC whose determination will be final and binding.
- d) In the event of termination of the employment of an Option Grantee due to misconduct or breach of policies of the Company or the terms of employment, all the Stock Options granted to such employee, including all the Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination; the date of such breach shall be determined by the NRC and its decision on this issue shall be binding and final.
- e) In the event of termination of an Employee from the Company due to reasons of Permanent Disability of the Option Grantee, all options granted to him as on the date of permanent incapacitation, shall vest in him or his nominees on that day. The options would be exercisable within six (6) months from the date of permanent incapacity of before expiry of the exercise period (whichever is lesser ). Unvested Options shall vest immediately but shall be exercisable only during the exercise period as per the Scheme.
- f) In the event of death of an Option Grantee while in employment, all the Unvested Options granted to him till such date shall vest, immediately, in his legal heirs within the specified period. Vested options would be exercisable within 6 months from the date of death or before expiry of exercise period as per the scheme (whichever is lesser), failing which all the unexercised options shall lapse irrevocable and the rights there under shall be extinguished. Unvested options shall vest immediately but shall be exercisable only during the exercise period as per the scheme.
- g) In the event of abandonment of employment by an Option Grantee without the Company's consent, all the Options granted to such an employee, including the Vested Options, which were not exercised at the time of abandonment of employment, shall stand terminated with immediate effect.
- h) In the event of separation of the Employee from employment with the Company for reasons other than those mentioned above, all the unvested options shall stand cancelled as with effect from the last date of employment and the NRC will decide whether the Vested Options on the date of separation can be exercised by the employee or not, and such decision shall be binding and final.

## **11. Other Terms and Conditions**

- 11.1** Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.
- 11.2** If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, the Company would make an adjustment to the number of options and /or exercise price as per Clause 5.2(f), only if the employee stock options are vested and exercised and the Option Grantee is a valid holder of the shares of the Company. The Option Grantee would be entitled for bonus or rights shares as shareholder of the Company.
- 11.3.** No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise

the Employee Stock Option except in the event of the death of the Option Grantee.

- 11.4.** The Employee Stock Option shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 11.5.** The amount, if any, payable by the Eligible Employees, at the time of Grant of Option:
- a) may be forfeited by the Company, if the Option is not exercised by the Eligible Employees within the Exercise Period; or
  - b) may be refunded to the Eligible Employees, if the Options are not vested due to non- fulfilment of conditions relating to Vesting of Option as per the Scheme.

## **12. Tax Liability**

The Company shall have the right to deduct from the Employee's salary, any tax obligations arising in connection with the Employee Stock Option or the Shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver Shares until any tax obligations relating to Employee Stock Options, if any, have been satisfied by the Option Grantee.

## **13. Authority to amend or terminate**

The NRC may, if it deems necessary, vary the terms/terminate CGHFL ESOP Scheme, subject to the Companies Act, 2013 and applicable laws.

## **14. Miscellaneous**

### **14.1 Government Regulations**

This Scheme shall be subject to all Applicable Laws, and approvals from Members, Regulatory authorities, if required. The Grant and the allotment of shares under this Scheme shall also be subject to the Company requiring Employees to comply with all Applicable Laws and be subject to the approval of the Company's Counsel.

### **14.2. Inability to obtain authority**

The inability of the Company to obtain authority from any regulatory body having jurisdiction, or under any Applicable Laws, if required for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares.

- 14.3.** The grant of an Employee Stock Option does not form part of the Option 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 of the Company, give such person any right entitlement or expectation to have an Employee Stock Option granted to him in respect of any number of shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.

- 14.4.** Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Employee Stock 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 Plan by being granted an Employee Stock Option on any other occasion.



**14.5.** The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

**14.6.** The Option 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 Employee Stock 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).

**15. Notices**

All notices of communication required to be given by the Company to an Option Grantee by virtue of this CGHFL ESOP 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 the Scheme shall be sent to the Registered office address of the Company.

**16. Governing Law and Jurisdiction**

**16.1** The terms and conditions of the CGHFL ESOP Scheme shall be governed by and construed in accordance with the laws of India.

**16.2** The Courts of Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this CGHFL ESOP Scheme.

**16.3** Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this CGHFL ESOP Scheme:

- (i) in any other court of competent jurisdiction; or
- (ii) Concurrently in more than one jurisdiction.

















