

AADHAR HOUSING FINANCE LIMITED EMPLOYEE STOCK OPTION PLAN - 2020

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AADHAR HOUSING FINANCE LIMITED
EMPLOYEE STOCK OPTION PLAN - 2020*

1. INTRODUCTION

- 1.1. Aadhar Housing Finance Limited is adopting and giving effect to this Employee Stock Option Plan 2020 (the “**ESOP Plan 2020**” or, the “**Plan**”) for incentivising, inducing, rewarding and motivating the Employees to contribute effectively towards the future growth and profitability of the Company, align the Employees towards a common objective of creating value for the Company as well as to induce the Employees to remain in the service of the Company.
- 1.2. The ESOP Plan 2020 sets out the benefits accruing to the Employees under the ESOP Plan 2020, the duties and responsibilities of the Company and the Employees, as well as the procedures to be followed in relation to the implementation, governance and monitoring of the ESOP Plan 2020. This document shall serve as the reference for the administration of the ESOP Plan 2020. The ESOP Plan 2020 should be carefully read and understood by all stakeholders (including the relevant Employees), and the procedures prescribed herein shall be diligently observed and adhered to, for the purposes of availing the benefits under the ESOP Plan 2020.
- 1.3. The ESOP Plan 2020 will come into effect from March 31, 2020, subject to receipt of any necessary approvals under applicable law.
- 1.4. The maximum number of Options to be Granted under this Plan shall not, upon Exercise, exceed 24,000,000 (Twenty-Four Million)¹ Shares (or such other adjusted figure/number for any reorganization of capital structure undertaken in accordance with this Plan) (“**ESOP Ceiling**”).
- 1.5. The ESOP Plan 2020 is a scheme being floated by the Company for the benefit of the Employees and, in no event whatsoever, is to be considered as part of their recurring compensation package. This Plan shall not form part of any contract of employment between the Company and any Employee.
- 1.6. The ESOP Plan 2020 shall remain in force until all the Options which have been Granted have either been Exercised or have lapsed in accordance with the terms herein. The ESOP Plan 2020, if required, may be closed by the Board of Directors prematurely, provided there are no Options outstanding under the Plan.
- 1.7. The Board may subject to compliance with Applicable Laws and specifically obtaining the necessary approvals, including shareholders’ approval, at any time alter, amend, suspend or terminate ESOP Plan 2020.

2. DEFINITIONS

2.1. Definitions

* *Ratified by the shareholders of the Company at 34th Annual General Meeting held on 14th September, 2024.*

¹ *Changed from 12,00,000 shares to 24,000,000 shares through EGM approval dated 13th March 2021.*

In this Plan:

“**Administering Agency**” means any business consulting or management consulting or similar agency appointed by the Company or the Nomination and Remuneration Committee (NRC) for assistance in administering the Plan;

“**Applicable Law(s)**” includes every law, rule, regulation or bye-law relating to employee stock options, including, without limitation, the Companies Act (as defined hereinafter), the SEBI SBEB & SE Regulations (as defined hereinafter), as and when applicable, 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 may get listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws;

“**Board of Directors**” or “**Board**” means the board of directors of the Company, as reconstituted from time to time;

“**Companies Act**” means the Companies Act, 2013 read with rules thereunder, as amended from time to time;

“**Company**” means Aadhar Housing Finance Limited, a company incorporated under the Companies Act, 1956 having its registered office at Aadhar Housing Finance Limited 2nd Floor, No. 3, JVT Towers, 8th A Main Road, Sampangi Rama Nagar Hudson Circle, Bengaluru, Karnataka 560027;

“**Date of Grant**” means the date on which the Nomination and Remuneration Committee decides to make a Grant to identified Employees under the ESOP Plan 2020, and such date shall be specified in the Grant Letter issued to such Employee;

“**Directors**” means the directors appointed to the Board from time to time in accordance with applicable law, and the term “**Director**” shall be construed accordingly;

“**Eligible Options**” for the purpose of this Plan, means Options eligible for Vesting in accordance with Clause 5;

“**Employees**” means:

Prior to Listing :

- (a) permanent employees of the Company working in India or outside India;
- (b) executive directors (including managing director), whether in India or outside India, of the Company; or
- (c) an employee as defined in (a) above of a subsidiary of the Company in India or out of India, or of a holding company of the Company;

but shall exclude:

- (i) an employee who is a Promoter or belongs to the Promoter Group; and

- (ii) all non-executive directors and independent directors;

Post Listing:

- (a) an employee as designated by the Company, who is exclusively working in India or outside India; or
- (b) 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; or (iii) an employee as defined in sub-clauses (i) or (ii) above, of a Group company including subsidiary or Company's associate company, in India or outside India, or of a holding company of the Company,

but shall exclude:

- (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 anybody corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company.

“ESOP Ceiling” has the meaning given to it in Clause 1.4 (Introduction);

“ESOP Grantee” means an Employee to whom Options have been Granted pursuant to the ESOP Plan 2020;

“ESOP Shares” means the equity shares of the Company to be issued upon the Exercise of the Options Granted under the ESOP Plan 2020, and the term **“ESOP Share”** shall be construed accordingly;

“Exercise” means the making of an application pursuant to the delivery of an Exercise Notice by an Employee to the Company for the issue of Shares against the Vested Options pursuant to the ESOP Plan 2020 accompanied by the Exercise Consideration, and the terms **“Exercising”** and **“Exercised”** shall be construed accordingly;

“Exercise Consideration” mean the amount being paid by an Employee to the Company as consideration for the Exercise of the Vested Options, being equivalent to the product of the Exercise Price and the number of Vested Options being Exercised;

“Exercise Notice” means the written notice issued by an ESOP Grantee to the Company (in such form as prescribed by the Nomination and Remuneration Committee from time to time) for Exercising such number of Vested Options as such Employee may deem fit, but subject to the provisions of Clause 6 (Exercise), and such Exercise Notice shall mandatorily contain the following: (a) the number of Vested Options being Exercised; (b) the demat account details of the Employee, including the DPID and the Client ID; (c) the Exercise Consideration; and (d) the amount of tax being tendered pursuant to Clause 13 (Tax Liability), as applicable;

“Exercise Period” means the time period which is twenty four (24) months from the date of Vesting in accordance with the Vesting Schedule in Clause 5, within which the Employee may Exercise the right to apply for Shares against the Vested Options;

“Exercise Price” means the Fair Market Value subject to a discount of up to twenty per cent. (20%) as may be determined by the Nomination and Remuneration Committee at the time of Grant, being the price per Option payable by an Employee upon Exercising an Option which has been Granted pursuant to the ESOP Plan 2020, as set out in the relevant Exercise Notice;

“Fair Market Value” means the fair market value of a Share, as determined by the Nomination and Remuneration Committee and/or by a registered valuer or independent valuer as required under the Companies Act;

Provided that upon Listing, the term ‘Fair Market Value’ shall refer to the term **“Market Price”** as defined in the SEBI SBEB Regulation.

“Grant” means the issue of the Options to an eligible Employee under the ESOP Plan 2020, and **“Granted”** shall be construed accordingly;

“Grant Letter” means the letter of Grant in such form as may be determined by the Nomination and Remuneration Committee from time to time and shall, mandatorily, contain the following details: (a) name of the Employee; (b) number of Options being Granted; (c) the Date of Grant; (d) the Vesting Schedule with the respective Vesting Dates; (e) the Exercise Period; and (f) the Exercise Price of the each Option;

“Investor” means BCP Topco VII Pte. Ltd. and/or its affiliates and any other party as determined by the Board which directly or indirectly have shareholding of the Company;

“Listing” means the listing of the Company’s Shares on any Recognized Stock Exchange as per Applicable Laws.

“Nomination and Remuneration Committee” means the Nomination and Remuneration Committee (NRC) constituted by the Board of Directors from time to time, by whatever name called, in accordance with Applicable Law and the terms set out under the Plan;

“Nominee” or **“Nominees”** means any of the parents, spouse, any child, brother or sister of the Employee or any other person nominated by the Employee under the ESOP Plan 2020 in accordance with the Applicable Laws who will be eligible to Exercise the Options Granted to an Employee upon the death of such Employee;

“Options” means the option Granted to the Employees to Exercise the right to receive Shares offered by the Company at the Exercise Price;

“Promoter” has the meaning given to it under Companies Act, 2013 and the SEBI (Issue of Capital and Disclosures Requirements) Regulations, 2018, as the case may be;

“Promoter Group” has the meaning given to it under the SEBI (Issue of Capital and Disclosures Requirements) Regulations, 2018,

Provided where the Promoter or Promoter Group of a company is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of such company.

“Proportionate Eligible Options” has the meaning assigned to it in Clause 5.3;

“Recognized Stock Exchange” means recognized stock exchange as defined under Section 2(f) of Securities Contracts (Regulation) Act, 1956;

“SEBI SBEB & SE Regulations” means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended or replaced from time to time and the guidelines issued thereunder;

“Share” means an equity share of the Company and such other security of the Company which is convertible into an equity share of the Company, and the term **“Shares”** shall be construed accordingly;

“Vested Option” means an Eligible Option which has Vested in accordance with Clause 5;

“Vesting” means, with respect to a relevant Option, the event occurring immediately upon the expiry of the relevant periods under the Vesting Schedule, from which point of time the Employee secures the right to apply for a Share against such Option Granted pursuant to the ESOP Plan 2020, and the term **“Vest”** and **“Vested”** shall be construed accordingly;

“Vesting Date” means the date on which the Options Vest with the Employee in accordance with Clause 5; and

“Vesting Schedule” has the meaning given to it in Clause 5.

All other terms in this ESOP Plan 2020, unless defined herein, shall have the same meaning as given to them under the SEBI SBEB & SE Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as and when applicable) or the Companies Act, or any statutory modification or re-enactment thereof, as the case may be.

2.2. Interpretation

In this ESOP Plan 2020, unless the context otherwise requires:

- (a) References to **“include”** or **“including”** are to be construed without limitation.
- (b) References to a **“company”** include any company, corporation or other body corporate wherever and however incorporated or established.

- (c) The expressions “**body corporate**”, “**holding company**” and “**subsidiary**” shall have the respective meaning given in the Companies Act, 2013.
- (d) The table of contents and headings are inserted for convenience only and shall not affect the construction or interpretation of the ESOP Plan 2020.
- (e) Unless the context otherwise requires, words in the singular include the plural and vice versa, and a reference to any gender includes all other genders.
- (f) References to Recitals, Clauses, Appendices, Annexures, Paragraphs, Preamble and Schedules are to recitals, appendices and annexures to, and clauses, paragraphs, preamble and schedules of the ESOP Plan 2020, all of which form an integral part of the ESOP Plan 2020.
- (g) References to any statute or statutory provision includes a reference to that statute or statutory provision as amended, consolidated or replaced from time to time (whether before or after the date of the ESOP Plan 2020) and includes any subordinate legislation made under the relevant statute or statutory provision.

3. NOMINATION AND REMUNERATION COMMITTEE

- 3.1.** The Nomination and Remuneration Committee shall consist of such number of persons as may be determined by the Board from time to time, provided that the members shall be appointed from amongst the Directors and the constitution of the Nomination and Remuneration Committee shall be in accordance with Applicable Law.
- 3.2.** The Nomination and Remuneration Committee shall be entitled to invite any person to attend its meetings and participate in the discussions and deliberations, provided that such person(s) shall be under a legally binding obligation to keep all documents, deliberations and decisions made in such meetings as confidential, and provided further that no such person shall have any right or authority to vote in such a meeting.
- 3.3.** The Nomination and Remuneration Committee, in the exercise of its powers, may require the Company to furnish any information and/or seek the assistance of any Employee of the Company as it may deem fit to effectively discharge its duties.
- 3.4.** The Nomination and Remuneration Committee shall be entitled to meet (either physically or by way of any audio-visual or telephonic means or by way of passing resolutions by circulation, each in accordance with applicable law) as and when necessary to administer this Plan and to undertake all acts, deeds and things in relation to the administration, supervision and implementation of this Plan strictly in accordance with the terms hereunder and/or as may be directed by the Board from time to time. In addition, the Nomination and Remuneration Committee shall be entitled to formulate the detailed terms and conditions of the ESOP Plan 2020 from time to time in relation to the following:

- (a) the quantum of options per employee and in aggregate under ESOP Plan 2020;
- (b) the conditions under which options may vest in Employees and may lapse in case of termination of employment for misconduct;
- (c) the exercise period within which the Employee can exercise the Options and that Options would lapse on failure to exercise the same within the exercise period;
- (d) the specified time period within which the Employee shall exercise the vested Options in the event of termination or resignation;
- (e) 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;
- (f) the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, the following shall, inter alia, be taken into consideration by the Nomination and Remuneration Committee:
 - (i) the number and price of Options shall be adjusted in a manner such that total value to the employee of the Options remains the same after the corporate action;
 - (ii) the vesting period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employee(s) who is granted such Options.
- (g) Grant, Vesting and Exercise of Options in case of Employees who are on long leave;
- (h) the procedure for funding the Exercise of Options;
- (i) the procedure for buy-back of specified securities issued under SEBI SBEB & SE Regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
 - (i) permissible sources of financing for buy-back;
 - (ii) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
 - (iii) limits upon quantum of specified securities that the company may buy-back in a financial year.
- (j) frame rules, regulations and procedures (which rules, regulations and procedures shall be subject to the prior approval of the Board) and prescribe forms and issue, or authorise any person to issue, circulars or orders (pursuant to such rules, regulations and/or procedures) in relation to the ESOP Plan 2020 and may, from time to time, amend recall or replace such

rules, regulations, procedures (any amendment to such rules, regulations and procedures being subject to the prior approval of the Board), forms, orders and circulars in accordance with Applicable Laws;

- (k) formulate the criteria for identifying Employees to whom the Options are to be Granted, and such criteria shall be subject to the prior approval of the Board;
- (l) grant an extension of time for the Exercise of the Options upon a specific request made by the concerned Employee;
- (m) the re-allocation of unexercised and forfeited Options;
- (n) determine the method for contentment of any tax obligation arising in connection with the Options or Shares issued pursuant to Plan;
- (o) delegate all or any of its administrative powers to one or more officers of the Company and/or to one or more sub-committees in accordance with Applicable Laws;
- (p) frame suitable policies, procedures and systems to ensure that there are no violations of: (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ; and (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations 2003, by any Employee on Listing of the Company's securities; and
- (q) require the Employees to execute the documents as necessary.

3.5. In case of any dispute relating to the interpretation of the terms and conditions of the Plan, the decision of the Nomination and Remuneration Committee will be final and binding on the Employees.

3.6. The Company and/or the Nomination and Remuneration Committee may appoint an Administering Agency for assisting the Nomination and Remuneration Committee in the administration of the ESOP Plan 2020 in such manner as determined by the Nomination and Remuneration Committee.

3.7. No member of the Nomination and Remuneration Committee shall be personally liable for any decision or action taken in good faith with respect to administration of the Plan.

4. GRANT AND ACCEPTANCE

4.1. The Nomination and Remuneration Committee shall, from time to time, have the power to make a Grant to Employees:

- (a) identifying the Employees who should be Granted the Options in accordance with the provisions of this ESOP Plan 2020;
- (b) the number of Options to be Granted to such identified Employees;

- (c) the Date of Grant;
- (d) the Exercise Price;
- (e) performance conditions for Vesting;
- (f) conditions for the Exercise; and
- (g) any additional terms and conditions which should be applicable to such Grant and the relate Vesting and Exercise, provided that the Board may, from time to time, set limits on the maximum number of Options within the ESOP Ceiling which may be Granted by the Nomination and Remuneration Committee at any particular time period, and the Nomination and Remuneration Committee shall not Grant any Options in breach of such limits set by the Board.

4.2. The maximum number of Options to be Granted to an Employee shall not, upon Exercise, exceed one per cent. (1%) of the Shares outstanding as on the Date of Grant.

4.3. A Grant shall not be valid if, at the time of the Grant, the Employee is under a notice of termination of employment or engagement by the Company (and/or its subsidiaries, holding company, and after Listing, an associate company or group company as relevant).

5. VESTING

5.1. Subject to Clause 7, the Options Granted shall not Vest for a period of one (1) year from the Date of Grant, after which the Options shall be eligible for Vesting in accordance with the Vesting schedule and terms provided in this Clause 5. Provided that, after the Listing of the Company, notwithstanding anything contained herein, the minimum cliff period of one (1) year as regards Vesting will not apply in case of death or permanent incapacity of the Employee.

5.2. Subject to Clause 7, the Options Granted to an Employee shall become Eligible Options, subject to the Employee achieving the following conditions:

- (a) Time based eligibility:

Time (while in employment with the Company)	Percentage of Options that are relevant for becoming Eligible Options
On 1 st anniversary of Date of Grant	20%
On 2 nd anniversary of Date of Grant	20%
On 3 rd anniversary of Date of Grant	20%
On 4 th anniversary of Date of Grant	20%
On 5 th anniversary of Date of Grant	20%

(b) Performance based eligibility:

Employee Performance Rating for the relevant year	Options qualifying as Eligible Options	Carry Forward	Lapse
3 and above	100% of the relevant Options of the year become Eligible Options	-	-
Below 3	Nil	50% of the relevant Options due to be Eligible Options for the year can be carried forward to next year. Such carried forward Options will qualify as Eligible Options in the next year only if Employee achieves performance rating of 3 and above in the next year. In all other cases, the carried forward Options will lapse.	50% of the Options due to be Eligible Options for the year.

5.3. The Eligible Options mentioned in Clause 5.2 shall Vest in accordance with Clause 5.3.1 and 5.3.2 below.

5.3.1. The Eligible Options will qualify for Vesting from the date the Investor shall receive a net sale consideration of United States Dollar Five Hundred Million (USD(\$ 500,000,000)² cumulatively from the sale of the Shares held by the Investor (“**Start Date of Vesting**”). The Eligible Options shall Vest on the Start Date of Vesting and on each of the subsequent date of sale of Shares by the Investor (together shall be called as “**Sale Date**”) and every anniversary of the Date of Grant (which together with the Sale Date is referred to as “**Testing Date**”) in the manner stated in (a) and (b) mentioned below:

(a) **Proportion of Eligible Options qualifying for Vesting (“Proportionate Eligible Options”)** shall be

In the event the ESOP Grantee is an Employee of the Grade MM5 (Senior Chief Manager) or above, subject to sub-clause (1) below, the [Lower of (i) and (ii) below] minus [Options already Vested or are scheduled to Vest in next two (2) years as per Clause 5.3.1.(b) (however if the number determined here is a negative number, then it will be deemed to be zero (o))]:

² Changed from USD 900,000,000 (Nine Hundred Million) to USD 500,000,000 (Five Hundred Million) through EGM approval dated 13th March 2021

- (i) Total Options which has become Eligible Option from Date of Grant till the Testing Date;
 - (ii) $[(A) \times (B) / (C)]$
 - (A) Total number of Options Granted to the Employee
 - (B) Total number of Shares sold by Investor from Date of Grant till the Testing Date
 - (C) Total number of Shares held by Investor as on Date of Grant and Shares purchased by the Investor after the Date of Grant till the Testing Date
- (1) The Vesting conditions as provided above in this Clause 5.3.1.(a) shall not apply till such time that the total cumulative vesting of the Options granted does not cross 50% (fifty percent) of total grants made to such ESOP Grantee. In the event, the Options that Vest are more than 50%, then all Options (which remain Unexercised) shall be subject to the Vesting conditions specified above in this Clause 5.3.1.(a).
 - (2) Notwithstanding anything contained above in this Clause 5.3.1.(a), in the event the ESOP Grantees who are Employees in the Grade MM 4 (Chief Manager) and below, the Vesting conditions as provided in above in this Clause 5.3.1.(a) shall not apply. For the sake of clarity, the conditions specified in Clause. 5.3.1.(b) below and other conditions shall continue to apply.
- (b) **Proportionate Eligible Options as per Clause 5.3.1(a) mentioned above shall Vest as per following Vesting Schedule:**

Vesting Date	Percentage of Proportionate Eligible Options
On the Testing Date	60% of Proportionate Eligible Options
On 1 st anniversary of the Testing Date	40% of Proportionate Eligible Options

Provided, the Nomination and Remuneration Committee, at its sole discretion and by adopting a resolution at a meeting, will have the right to Vest entire Proportionate Eligible Options on the Testing Date for all ESOP Grantees.

- 5.3.2. A transfer of Shares by the Investor to any of its affiliates shall not make the Options eligible for Vesting.
- 5.3.3. In the event the Investor has received a net sale consideration of United States Dollar Five Hundred Million (USD(\$)) 500,000,000) cumulatively from the sale of the Shares held by the Investor as specified in Clause 5.3.1, and Options are to be

granted post the Start Date of Vesting, then the Vesting conditions specified in Clause 5.3.1 has been satisfied, and the Vesting Conditions specified in Clauses 5.1, Clause 5.2, Clause 5.3.1.(a), Clause 5.3.1.(b) and Clause 5.3.2 shall apply to such Options.

- 5.4.** The Options shall become Eligible Options and the Eligible Options shall Vest only if the Employee is in employment with the Company (and/or the relevant subsidiary holding company, and after Listing, an associate company or group company, as may be applicable), as on the relevant date the Option become Eligible Options or the Vesting Date, as the case maybe (and the Option that have not Vested on the date of cessation of employment will lapse). Notwithstanding any other provision in this Plan, but subject to completion of at least one (1) year from the Date of Grant (except in case of death or permanent incapacity of the ESOP Grantee after the Listing of the Company), in the event an ESOP Grantee is required to retire due to the regulatory requirements pertaining to age, the Nomination and Remuneration Committee, at its sole discretion and by adopting a resolution at a meeting, will have the right to Vest the unvested Options granted to such an ESOP Grantee on an accelerated basis on the last date of employment of such ESOP Grantee, excluding the staff against whom any disciplinary proceeding was taken by the company.³ Provided that after Listing, in case of retirement of ESOP Grantee, the Options shall continue to vest in accordance with the Vesting Schedule, and Company's policy in this regard.
- 5.5.** Notwithstanding any other provision contained in Clause 5 of this Plan, the Nomination and Remuneration Committee may at its sole discretion allow for Eligible Options to Vest prior to Start Date of Vesting in relation to the Options already Granted to the ESOP Grantee as on January 24, 2024 or the Options that are to be Granted.³
- 5.6.** In the event there is any ongoing investigation or proceeding against the ESOP Grantee in connection with or relating to 'Cause' (as defined in Clause 7.2), then no Options Granted to such ESOP Grantee shall either be eligible to Vest or Vest or be eligible to be Exercised until such investigation or proceeding has concluded and a final determination in such matter has been made, unless otherwise determined by the Board or the Nomination and Remuneration Committee in its sole discretion.

6. EXERCISE

- 6.1.** Subject to the terms and conditions of Clause 5 and this Clause 6, as on a particular Vesting Date in accordance with the Vesting schedule, and fulfilment of the relevant conditions to Vesting, the ESOP Grantee shall have the right to Exercise the Vested Options (either in full or in tranches) at any time during the Exercise Period (subject to Clause 7.1) and be allotted the corresponding Shares by the Company.
- 6.2.** An amount equivalent to the Exercise Consideration shall be payable by the Employees at the time of Exercise of the Vested Options.

³ Included through EGM approval dated 24th January, 2024..

- 6.3.** The ESOP Grantees may Exercise the Vested Options by sending one or more Exercise Notices to the Company at any time during the Exercise Period (subject to Clause 7.1) along with the payment of the Exercise Consideration, subject to the compliance with the formalities prescribed under this Plan.
- 6.4.** Upon receiving an Exercise Notice, the Company shall issue and allot an appropriate number of Shares to the Employee(s) who issued the Exercise Notice against the Vested Options being Exercised. Upon receiving such an application from the Employee, the Nomination and Remuneration Committee shall make all necessary and diligent enquiries with respect to such application and, upon being satisfied with the veracity of the Exercise Notices received from the Employee, shall proceed to take such actions to cause the Company to issue the appropriate number of Shares arising out of the Exercise to the Employee and, in the event the Shares of the Company are listed on a Recognized Stock Exchange, the Company shall take such steps so as to make appropriate Listing applications to the relevant Recognized Stock Exchange in accordance with Clause 17 with respect to such Shares being issued and allotted to the Employee.
- 6.5.** Options which have Vested and not been Exercised by the ESOP Grantees within the relevant Exercise Period shall lapse immediately upon the expiry of such Exercise Period.
- 6.6.** Notwithstanding anything contained elsewhere in this Plan, the Nomination and Remuneration Committee:
- (a) if the Exercise of the Vested Options within the Exercise Period is prevented by any Applicable Law in force or pursuant to an order of any jurisdictional court, may defer or not permit the Exercise of the Vested Options so long as it is prohibited by Applicable Law and, in such an event, the Company shall not be liable to pay any compensation or similar payment to the ESOP Grantee for any loss suffered due to such prohibition and the Exercise Period shall stand extended by such period but not beyond the tenure of the Plan; and
 - (b) shall have the power to cancel all or any of the Options which have been Granted under the Plan, if so required, under any Applicable Law for the time being in force or pursuant to an order of any jurisdictional court. In the event of any such cancellation, no compensation shall be payable to the ESOP Grantee for such cancelled Options.
- 6.7.** Subject to Applicable Laws, the Nomination and Remuneration Committee may approve a cashless system of Exercise for the Options Granted under this Plan and determine the terms and conditions of the cashless system, and shall be subject to the terms and conditions as set out by the Nomination and Remuneration Committee under this Plan.

7. DISCONTINUATION OF SERVICE

- 7.1.** If, at any time, an Employee has either ceased to be employed by the Company (or any of its subsidiaries, holding company, and after Listing, associate company and

group company, as well); or is under notice (whether given or received) (such Employee, a “**Leaver**”), then:

- (a) in case the Leaver is categorised as a Good Leaver, then all Options which have not Vested as on the Cessation Date shall lapse and such Leaver shall be entitled to Exercise all Vested Options within six (6) months from the Cessation Date;

Explanation,—After the Listing, the cessation of employment due to retirement or superannuation shall not be covered by this clause, and such options, granted to an Employee who has retired or superannuated would continue to vest in accordance with the respective vesting schedules even after retirement or superannuation in accordance with the company’s policies and the Applicable Law. or

- (b) in the event of death of a Leaver in the course of employment, all Options which have been Granted to such Employee under the Plan until the date of death shall Vest (even if the death of a Leaver is within a period of one (1) year from the date of the Grant) in the legal heirs or Nominees of the deceased Leaver, provided that such Vested Options shall need to be Exercised at within six (6) months of Vesting, failing which such Vested Options shall mandatorily lapse; or
- (c) in case the Leaver is categorised as a Permanent Disability Leaver, then all Options which have been Granted to such Leaver as on the date of suffering the Permanent Disability shall Vest on the date of permanent disablement, provided that such Vested Options shall need to be Exercised at the same time within six (6) months of Vesting, failing which such Vested Options shall mandatorily lapse. It is hereby clarified that after Listing, the cliff period of one year for Vesting will not apply in case of Permanent Disability Leaver and all the Options granted shall Vest forthwith; or
- (d) in case: (i) a Leaver is categorised as a Bad Leaver; or (ii) a Leaver is declared insolvent or bankrupt, then all Options which have been Granted (regardless of whether they have Vested or not) to such Leaver shall lapse.

7.2. For the purposes of this Clause 7 and Clause 5.6:

“**Bad Leaver**” means an Employee who is a Leaver as a result of:

- (a) dismissal for Cause;
- (b) voluntary resignation from the employment with the Company by the Employee, unless such resignation qualifies the Employee to be designated as a Good Leaver; or
- (c) being designated as a Bad Leaver as set out under the proviso of the definition of Good Leaver;

“**Cause**” means:

- (a) Breach by the relevant Employee of the any of the terms in the Grant Letter,

- (b) breach by the relevant Employee of his/her service contract, other contract of employment, employee handbook, code of conduct, applicable policies, any confidentiality or any noncompetition agreement with the Company and/or its subsidiaries, as relevant;
- (c) any act of dishonesty, fraud or misrepresentation or similar misconduct on the part of the Employee with respect to any of the Company and/or its subsidiaries;
- (d) any willful misfeasance or willful misconduct or other act or omission which is detrimental to the Company's and/or its subsidiaries' businesses or reputation;
- (e) act or acts constituting a criminal offence under applicable law (including bribery/corruption acts), it being agreed that minor traffic offences (not involving a custodial sentence) will not constitute Cause under this clause (e);
- (f) significant underperformance by the Employee, of her/his identified performance objectives, as decided by the Board and/or the Nomination and Remuneration Committee;
- (g) breach by the relevant Employee, as determined by the Company, of the Company's policy on the prevention of sexual harassment at workplace, in force from time to time;
- (h) breach of applicable securities laws including but not limited to laws on insider trading, fraudulent and unfair trade practices, etc.; or
- (i) any other act which would permit summary dismissal under applicable law or employment terms.

“Cessation Date” means the earliest date on which an Employee either ceases to be an Employee and who does not begin or continue otherwise to provide services to the Company and/or any of its subsidiaries or holding company, and after Listing, its associate company and group company or commences his/her notice period or any period of gardening leave;

“Good Leaver” means an Employee who is a Leaver as a result of:

- (a) retirement at the retirement age under terms of employment or retirement pursuant to a voluntary retirement scheme floated by the Company;
- (b) ill-health preventing continued employment, as determined by the Nomination and Remuneration Committee based on a certificate of one or more medical experts identified by the Nomination and Remuneration Committee;
- (c) redundancy;
- (d) dismissal, including constructive dismissal, other than for Cause;

- (e) voluntary resignation from the employment with the Company by the Employee (provided that if there is an ongoing investigation or proceeding against such Employee as on the Cessation Date in connection with or relating to an event of Cause, then such Employee shall not be a Good Leaver unless the Nomination and Remuneration Committee specifically designates such Employee as a Good Leaver); or
- (f) for any other reason, if the Nomination and Remuneration Committee so decides, provided that an Employee who is a Good Leaver at the Cessation Date may be characterised as a Bad Leaver if after the Cessation Date the Employee breaches the terms of any confidentiality or non-compete, non-solicit, non-disparagement provisions of his employment contract or any other agreement between him and the Company (or any of its subsidiaries) from time to time; and

“Permanent Disability” means disability of any nature suffered by an Employee in the course of his employment, 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 one or more medical experts identified by the Nomination and Remuneration Committee, provided such permanent disability was not self-inflicted (including through substance or alcohol abuse); and

“Permanent Disability Leaver” means an Employee who is a Leaver as a result of Permanent Disability.

- 7.3. It is clarified that the date of the termination of employment of an ESOP Grantee shall be the date of termination of the employment specified by the Company in the letter of termination issued by Company to such ESOP Grantee.

8. OTHER CONDITIONS

- 8.1. Options which have been Granted to an Employee shall not be transferable to any other person.
- 8.2. No person other than the Employee to whom the Option is Granted shall be entitled to Exercise the Option, except in case of a deceased Employee or an Employee suffering from Permanent Disability in accordance with the provisions of this Plan.
- 8.3. The Options Granted to an Employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

9. MISCELLANEOUS

- 9.1. With respect to a ESOP Grantee, for the Options which have not Vested or for the Options which have Vested but have not been Exercised by the ESOP Grantee, in case of any changes made to the equity share capital of the Company by reason of any corporate action such as consolidation, sub-division, or conversion of Shares into stock or by capitalization by bonus issue or in any other manner, appropriate adjustments to the extent permissible under applicable law for the time being in

force may be made either to the number or the Exercise Price of Options Granted, to reflect such change without in any way affecting the rights of the relevant ESOP Grantees or diluting or enlarging the benefits of the ESOP Plan 2020. It is clarified that such ESOP Grantees shall not have a right to participate in any further issuance of Shares including pursuant to rights issue or a preferential issuance.

- 9.2. In the event of a re-organisation of the Company either by corporate action, merger, amalgamation, acquisition or otherwise, the rights of the ESOP Grantees shall be altered in a manner that is not detrimental to the Employees and as maybe determined by the Nomination and Remuneration Committee and/or the Board (and the Nomination and Remuneration Committee and/or the Board shall not be under an obligation to provide more beneficial terms).
- 9.3. Neither an ESOP Grantee, nor successors in interest, shall have any of the rights of a shareholder of the Company with respect to the Options Granted, until the Company, on the Exercise of Options, transfers Shares in the name of the ESOP Grantee.
- 9.4. For so long as this Plan is in operation, the Employee shall not utilise or disclose any unpublished information or indulge in insider trading and shall be solely responsible for ensuring full compliance with all applicable laws, including the Companies Act, 2013, the SEBI SBEB & SE Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 or the Foreign Exchange Management Act, 1999.
- 9.5. The ESOP Grantee shall not divulge or disclose any details of the ESOP Plan 2020 to, or discuss such details with, any person, except with the prior permission of the Company obtained in writing, including information relation to Options Granted, the Exercise Price, the terms of the Grant, the Vesting Schedule, the Exercise Period and any other information relating to the commercial, legal or administrative aspect of the ESOP Plan 2020.
- 9.6. The Shares received on Exercise of the Options shall rank *pari passu* with the then existing equity shares of the Company and shall be subject to the Memorandum and Articles of Association of the Company.
- 9.7. The Employees who receive Shares by virtue of Exercise of the Options issued under this Plan shall be entitled to receive all regular benefits of the shareholders of the Company, including receiving dividends and bonus shares, if any, announced by the Company from the date of transfer of Shares to the Employees' name. Provided, the Employees shall not create any pledge on such Shares.
- 9.8. The existence of the Plan and the Grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders or the Company to make or authorise any change in the capital structure of the Company, including any further issue of equity or debt or other securities having any priority or preference with respect to the Shares or the rights thereof.

9.9. Drag-along rights:

- (a) Prior to the Listing and subject to provisions of the Companies Act, , and other Applicable Laws, in the event of sale of Shares by the Investor, the Board and/or the Nomination and Remuneration Committee, acting in its absolute discretion with or without the consent or approval of the Employee, as it may deem fit, in case of unvested Options, the Board and/or the Nomination and Remuneration Committee may Vest all of the unvested Options in an accelerated manner (subject to Clause 5.1) and the Employees shall be entitled to Exercise all Vested Options (including the Options that Vested in an accelerated manner) within a period of 30 days (“**Accelerated Exercise Window**”). In the event the Employee does not Exercise the Vested Options (including the Options that Vested in an accelerated manner) in the Accelerated Exercise Window, then such Vested Options shall lapse. The Investor shall have a right (but not an obligation) to require the Employee to sell/ transfer all or part of the Shares (which were obtained on Exercise of the Vested Options) to the acquirer or other entity as the case may be at the same price at which the Investor sells the Shares held by it.
- (b) The Board shall give each Employee a written notice (“**The Drag Along Notice**”) specifying details of the offer given by the acquirer or other entity as the case may be regarding the number of Shares which the Board proposes to transfer to the acquirer or other entity as the case may be. The terms and conditions of sale and the price offered by the acquirer or other entity as the case may be shall be the same as those offered to the shareholders. The Drag Along Notice shall also specify the number of Shares the Company/shareholders is obliged to transfer to the acquirer or other entity as the case may be. After receipt of The Drag Along Notice, each Employee shall, as and when called up on by the Board, transfer the number of Shares at the price and as per the terms mentioned in The Drag Along Notice.

10. APPOINTMENT OF NOMINEE

- 10.1.** The ESOP Grantee may appoint any relative (as defined under the Companies Act, 2013) (with no prior criminal record and who has, as on the date of nomination, never faced any investigation or enquiry or charge-sheeted before a court of competent jurisdiction for act or acts constituting a criminal offence under applicable law, barring minor traffic offences (not involving a custodial sentence)) as Nominee(s) for the purpose of Exercising the rights, subject to the obligations, in terms of this Plan. The ESOP Grantee shall have the right to revoke such nomination at any time and a fresh nomination may be made upon such revocation, provided that such nomination shall automatically stand revoked and void ab initio in the event such Nominee is designated as an accused in any investigation or enquiry or charge-sheet before a court of competent jurisdiction for act or acts constituting a criminal offence under applicable law, barring minor traffic offences (not involving a custodial sentence).
- 10.2.** In the event of death of the ESOP Grantee, the Nominee specified as aforesaid shall alone be entitled to Exercise the rights of the ESOP Grantee concerned and the

Company shall not be liable in relation to any rights and obligations amongst the legal heirs inter se the ESOP Grantee is concerned.

- 10.3.** Where the ESOP Grantee has not made the nomination as above, then the person appointed as Nominee by the ESOP Grantee under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 shall be deemed to be the Nominee for the purposes of this Plan.
- 10.4.** If the ESOP Grantee fails to make a nomination as mentioned in this Clauses 10.1 to 10.3, the Options shall Vest on legal heirs in the event of her/his death.

11. GOVERNMENT REGULATIONS

- 11.1.** This Plan shall be subject to Applicable Laws. The Grant of Options under this Plan shall entitle the Company to require the Employees to comply with such requirements as issued under the Applicable Laws.
- 11.2.** The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares. It is clarified that the Company shall not be obligated to ensure tradability of the Shares upon Listing and the same may be subject to further requirement under applicable laws.

12. GENERAL RISKS

Participation in this Plan shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the market price of the equity and the risks associated with the investment are that of the ESOP Grantee alone.

13. TAX LIABILITY

- 13.1.** The liability of paying taxes, if any, in respect of Options Granted pursuant to this Plan and the Shares issued pursuant to Exercise thereof shall be entirely on ESOP Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or income tax laws of respective countries as applicable to eligible Employees working abroad, if any. The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the ESOP Grantee in full.
- 13.2.** In the event of any tax liability arising on account of the Grant, Vesting or the Exercise of the Options and/or on allotment of the Shares to the ESOP Grantee, such liability shall be that of such ESOP Grantee alone and shall be borne and paid by the ESOP Grantee at the time of Exercise of Options or within such time as may be prescribed under Applicable Law. The ESOP Grantee shall indemnify the Company against any tax or other liabilities that may be imposed on the Company on account of the Grant, Vesting or the Exercise of the Options and/or upon the transfer of the Shares to the ESOP Grantee in such form as may be prescribed by the Nomination and Remuneration Committee. The Company shall have the power to collect or recover such taxes from the ESOP Grantee.

- 13.3. The Company shall have the right to deduct from the ESOP Grantee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 13.4. All the tax liabilities arising on disposal or transfer of Shares by the ESOP Grantees after Exercise of Options shall be borne by the ESOP Grantee directly.
- 13.5. If the Company (or any of its subsidiaries) incurs any taxation liability pursuant to the Exercise of a Vested Option, then the Company shall be entitled to either deduct the same from the salary of such ESOP Grantee or to sell or procure the sale of such number of Shares (being otherwise transferred to the ESOP Grantee pursuant to the Exercise) so as to ensure that the relevant entity incurring the tax liability receives an amount which is sufficient to discharge the tax liability of such entity.

14. ALTERATION OF THE PLAN

Subject to Applicable Law, the Nomination and Remuneration Committee may revoke, add to, alter, amend or vary all or any of the terms and conditions of this Plan provided that the Company shall not vary the terms of the Plan in any manner which may be detrimental to the interests of the Employees. After the Listing, the Company is entitled to vary the terms of the Plan to meet any regulatory requirements without seeking shareholders' approval by way of a special resolution.

15. SUBSEQUENT PLANS

- 15.1. Nothing contained in the Plan shall be construed to prevent the Company from implementing any other subsequent plan for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest.
- 15.2. The Company reserves the right to carry forward the lapsed, unexercised and forfeited Options to a new plan.
- 15.3. No Employee or other person shall have any claim against the Company as a result of such action.

16. SEVERABILITY

- 16.1. This Plan constitutes the entire document in relation to its subject matter and supersedes all prior agreements and understandings whether oral or written with respect to such subject matter.
- 16.2. In the event that any term, condition or provision of this Plan being held to be a violation of any Applicable Law, the same shall be severable from the rest of this Plan and the remaining part of the Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

17. LISTING OF SHARES

- 17.1. In the event of Listing of the Shares of the Company on Recognized Stock Exchanges, the Company and the Nomination and Remuneration Committee shall

comply with the applicable regulations issued by Securities and Exchange Board of India, including SEBI SBEB & SE Regulations and Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.

- 17.2. The Company shall comply with all other requirements prescribed by the Recognized Stock Exchanges for Exercise of the Options by the ESOP Grantees and implementation of this Plan.

18. ARBITRATION

All disputes arising out of or in connection with the Plan or the Grant shall be referred to for arbitration to a single arbitrator to be appointed by the Nomination and Remuneration Committee. The arbitration proceedings shall be in accordance with the Arbitration Rules of the Singapore International Arbitration Centre. The place of arbitration shall be Mumbai, India.

19. GOVERNING LAW

The ESOP Plan 2020, and the Grant, Vesting and Exercise of the Options and the allotment and transfer of the Shares issued pursuant to the Exercise of the Options shall be governed by the laws of India.

20. RE-PRICING

- 20.1. Subject to the approval of the shareholders of the Company, after the Listing, the Nomination and Remuneration Committee is authorised, as set out under the SEBI SBEB & SE Regulations, to re-price the Options which are not Exercised, whether or not they have been Vested, if the Options were rendered unattractive due to a fall in the price of the Shares of the Company in the market.

- 20.2. Such re-pricing shall be applicable to all outstanding Options which are Granted on specific Date of Grant.

- 20.3. Subject to Applicable Law, the Company shall be entitled to re-price the Options.

21. CONTRACT OF EMPLOYMENT

- 21.1. This Plan shall not form part of any contract of employment between the Company and the Employee. The rights and obligations of any Employee under the terms of office or employment with the Company shall not be affected by participation in this Plan or vice versa.

- 21.2. Nothing in this Plan shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.

- 21.3. This Plan is purely at the discretion of the Company (represented by the Board and the Nomination and Remuneration Committee).

22. ACCOUNTING AND DISCLOSURES

- 22.1. The Company shall follow the laws/regulations applicable to accounting and disclosure related to Options, including but not limited to the IND AS/Guidance Note on Accounting for Employee ShareBased Payments' ("**Guidance Note**") and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.
- 22.2. Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for ESOP Plan 2020 then the Company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI or any other appropriate authority from time to time.
- 22.3. The Company shall make disclosures to the prospective ESOP Grantees containing statement of risks, information about the Company and salient features of the ESOP Plan 2020 as required under Applicable Laws.

23. NOTICES

- 23.1. All notices of communication required to be given by the Company to an ESOP Grantee by virtue of the ESOP Plan 2020 shall be in writing and shall be sent to the address of the ESOP Grantee available in the records of the Company; or delivering the communication(s) to the ESOP Grantee in person with acknowledgement of receipt thereof; or emailing the communication(s) to the ESOP Grantee at the official email address, during the continuance of employment or at the email address provided by the ESOP Grantee after cessation of employment.
- 23.2. Any communication to be given by an ESOP Grantee to the Company in respect of ESOP Plan 2020 shall be sent at the address mentioned below or e - mailed at:

Aadhar Housing Finance Limited,
Corporate Office, 802, Natraj by Rustomjee, Western Express Highway &
Sir MV Road Junction, Andheri East - 400069 (Maharashtra)
Attention: ESOP Cell
Email: ESOPcell@aadharhousing.com

24. CONFIDENTIALITY

- 24.1. An ESOP Grantee must keep the details of the ESOP Plan 2020 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his/her peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case the ESOP Grantee is found in breach of this Clause, the Company shall have undisputed right to terminate any agreement/Grant and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Nomination and Remuneration Committee regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by the ESOP Grantee. In case of nonadherence to the provisions of this Clause, the Nomination and Remuneration Committee shall have the authority to deal with such cases as it may deem fit.
- 24.2. On acceptance of the Grant of Option offered by the Company, it shall be deemed that as if the ESOP Grantee has authorized the Company to disclose information

relating to the Option Granted during the process of implementation of the ESOP Plan 2020 or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.