

## Employee Stock Option Plan 2016

As last amended vide the Shareholders' resolution dated December 11, 2024

Aye Finance Limited (*Formerly Known as  
Aye Finance Private Limited*)

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**For AYE FINANCE LIMITED**

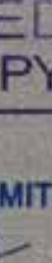
  
**Company Secretary**

Table of Contents

1. NAME, OBJECTIVE AND TERM OF THE PLAN.....	3
2. DEFINITIONS AND INTERPRETATION.....	3
3. AUTHORITY AND CEILING.....	11
4. ADMINISTRATION.....	13
5. GRANT AND ACCEPTANCE OF GRANT.....	15
6. ELIGIBILITY AND APPLICABILITY.....	15
7. VESTING SCHEDULE AND VESTING CONDITIONS.....	16
8. EXERCISE.....	18
9. CASH SETTLEMENT OF OPTIONS IN CERTAIN CASES.....	26
10. RIGHT OF FIRST REFUSAL.....	27
11. FREE TRANSFERABILITY UPON LISTING.....	28
12. RESTRICTION ON TRANSFER OF OPTIONS.....	29
13. LOCK-IN PERIOD OF SHARES.....	29
14. OTHER TERMS AND CONDITIONS.....	29
15. DEDUCTION/RECOVERY OF TAX.....	30
16. MALUS/CLAWBACK.....	30
17. AUTHORITY TO VARY TERMS.....	30
18. MISCELLANEOUS.....	31
19. NOTICES.....	32
20. CERTIFICATE FROM SECRETARIAL AUDITORS.....	33
21. NOMINATION.....	33
22. ACCOUNTING AND DISCLOSURES.....	33
23. GOVERNING LAWS.....	34
24. JURISDICTION.....	34
25. SEVERABILITY.....	35
26. CONFIDENTIALITY.....	35
ANNEXURE - "1".....	36



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

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

- 1.1 This Employee Stock Option Plan shall be called the ‘**Aye Finance Employee Stock Option Plan 2016**’ (“ESOP 2016”/ “Plan”).
- 1.2 The objective of the ESOP 2016 is to reward the Employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Plan to attract and retain key talents in the organization. The Company views this Plan as instrument that would enable sharing the value with the Employees they create for the Company in the years to come.
- 1.3 The ESOP 2016 is established with effect from April 25, 2016 and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOP 2016 have been issued and exercised, whichever is earlier.
- 1.4 The ESOP Scheme 2016 was thereafter amended vide a Board resolution dated December 11, 2024 and approved by the shareholders’ resolution dated December 11, 2024.
- 1.5 The Board of Directors may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2016.

**2. Definitions and Interpretation**

**2.1 Definitions**

- i. “**Applicable Law**” means every rule, regulation or law relating to Options, including, without limitation, the Companies Act, 2013, all relevant regulations of the Securities and Exchange Board of India particularly in connection with or after Listing, including Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”), each as amended and enacted from time to time read with all circulars and notifications issued





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M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

thereunder and all the relevant tax, securities, foreign exchange control or corporate laws or amendments thereof including any circular, notification issued thereunder by any regulatory authorities of India or of any relevant jurisdiction or of any Stock Exchange on which the Shares may be listed or quoted.

- ii. **“Board”** means the Board of Directors of the Company.
- iii. **“Companies Act”** means the Companies Act, 2013 read with rules made there under and includes any statutory modifications or re-enactments thereof.
- iv. **“Company”** means “Aye Finance Limited” a company registered under the provisions of the Companies Act, 1956 having its registered office at M-5, Magnum House-I, Community Centre, Karampura, West Delhi, New Delhi – 110015, India.
- v. **“Company Policies/Terms of Employment”** means the Company’s policies for Employees and the terms of employment as contained in the Employment Letter and the Company Handbook, which includes provisions requiring a desired level of performance, securing confidentiality, non-compete and non-poaching of other Employees and customers.
- vi. **“Compensation Committee”** means a Committee constituted or which may be constituted by the Board of Directors from time to time to administer ESOP 2016 or any other stock based incentive plans of the Company.

Post Listing, **“Compensation Committee/ Committee”** shall mean the nomination and remuneration committee constituted by the Board from time to time, to administer and supervise the Plan and other employee benefit Plan(s), if any, comprising of such members of the Board as provided under Section 178 of the Companies Act and Regulation 19 of LODR Regulations.

- vii. **“Current Shareholder”** means a person who holds Shares in the paid-up Equity Share capital of the Company at the relevant point in time and the term



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

Current Shareholders refers to all such Current Shareholders whether an individual or a corporate entity.

- viii. **“Director”** means a member of the Board of the Company.
- ix. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Board for granting the Employee Stock Options to the Employees.
- x. **“Employee”** means a person eligible for Grant by the Company under the Companies Act read with Company Policies and relevant rules issued thereunder from time to time.

Post Listing, the term “Employee” shall be defined as below in compliance with SBEB Regulations.

**“Employee” shall mean -**

- (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
- (ii) a Director of the Company, whether a whole-time Director or not, including a non-executive Director who is not a Promotor or member of the Promoter Group; or
- (iii) an employee as defined in sub clause (i) or (ii), of a Subsidiary Company in India or outside India, or of a Holding Company of the company,

**but does not include**

- a. an employee who is a Promotor 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 10% of the outstanding equity shares of the Company; or
- c. an Independent Director.



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

- xi. **“Employee Stock Option”** means an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares underlying the Option at a pre-determined price.
- xii. **“Equity Share”** means Equity Shares of the Company of face value of Rs. 2 each.
- xiii. **“ESOP 2016”** means the Aye Finance Employee Stock Option Plan 2016 under which the Company is authorized to grant Employee Stock Options to the Employees.
- xiv. **“Exercise”** of an Option means expression of an intention in writing by an Employee to the Company to purchase the Shares underlying the Options vested in him, in pursuance of the ESOP 2016, in accordance with the procedure laid down by the Company for Exercise of Options.
- xv. **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP 2016.
- xvi. **“Exercise Price”** means the price payable by an Employee in order to Exercise the Options granted to him in pursuance of the ESOP 2016.
- xvii. **“Fair Market Value”** means the value of an Equity Share of the Company as determined by an independent valuer or by any other valuer as required by Applicable Laws for the time being in force, appointed by the Company.
- Provided that after Listing, the term ‘Fair Market Value’ shall refer to “Market Price” within the meaning of the SBEB Regulations.**
- xviii. **“Grant”** means issue of Options to the Employees under the ESOP 2016.
- xix. **“Grant Date”** means the Grant date as mentioned in the Grant Letter or any such date which may be determined by the Compensation Committee as the Grant date.





Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-I, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

Explanation: For accounting purposes, the Grant date will be determined in accordance with applicable accounting standards.

xx. **“Grant Letter”** means the formal communication in writing as regards Grant made by the Company to the Employee containing specific details, terms, and conditions of the Options.

xxi. **“Holding Company”** means any present or future holding Company of the Company, as per the provisions of the Companies Act.

xxii. **“Independent Director”** means a Director within the meaning of Section 149(6) of the Companies Act.

Post Listing, **“Independent Director”** shall have the same meaning assigned to it under the LODR Regulations.

xxiii. **“Liquidity Event”** means any one or more of the following events:

(a) Management Sale within the meaning of this Plan conferring right of Drag-along as per provisions of Sub-clause 8.4 hereof;

(b) Listing, whereby the Shares of the Company get listed on any recognized Stock Exchange; and

(c) Any other event including buy-back of Shares, which the Board may designate as a Liquidity Event pursuant to which Option Grantees may exercise /settle any Options and sell the Shares as per terms of the Plan and under such further terms as the Board may specify at relevant time.

xxiv. **“Listing”** means listing of the Company’s Share on any recognized Stock Exchange.

xxv. **“Lock-in Period”** means the time period during which transfer of Shares allotted/transferred to the Employee under this Plan is not permitted unless otherwise specifically permitted by the Board.



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M-5, Magnum House-1, Community Centre, Karampura,

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CIN: U65921DL1993PLC283660

Post Listing, the Shares issued upon Exercise shall be freely transferable and shall not be subject to any lock-in period restriction after such issue except as required under the Applicable Laws including that under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, or code of conduct framed, if any, by the Company after Listing under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

xxvi. **“Management Sale”** means sale of Shares held by the Current Shareholders in one or more transactions, to any individual(s), entity(ies) or group(s) other than the Promoter or Promoter Group of more than 50% (fifty percentages) of the voting power in the Company and involving change of control over the affairs of the Company or in the constitution of the Board.

xxvii. **“Market Price”** means the latest available closing price on the recognized Stock Exchange on which the Shares of the Company are listed on the date immediately prior to the Relevant Date.

Explanation: In the case of shares listed on more than one recognized Stock Exchange, then the Stock Exchange where the highest trading volume on the said date shall be considered.

xxviii. **“Misconduct”** means disregard of the Company’s bye-law, rules, regulations and the Company Policies/ Terms of Employment and includes mismanagement of position by action or inaction, alleged wrongdoing, misfeasance, or violation of any rule, regulation or law which was expected to be abided by the Employee.

xxix. **“Option”** means Employee Stock Option within the meaning of this Plan.

xxx. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP 2016.

xxxi. **“Permanent Incapacity”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an





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CIN: U65921DL1993PLC283660

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 Board based on a certificate of a medical expert identified by the Board.

xxxii. **“Plan”** means and refers to ESOP 2016 within the meaning of this Plan.

xxxiii. **“Promoter”** means a person

- a) who has been named as such in a prospectus or is identified by the Company in the annual return;
- b) who has control over the affairs of the Company, directly or indirectly whether as a Shareholder, Director or otherwise; or
- c) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act:

**Provided that** nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity.

**Provided further that** after Listing the term Promoter shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (**“ICDR Regulations”**), as amended.

xxxiv. **“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 whose Shareholding is aggregated for the purpose of disclosing ‘Shareholding of the promoter group’ in the offer document.

Provided that after Listing the term, Promoter Group shall have the same meaning assigned to it under the ICDR Regulations.

xxxv. **“Retirement”** means retirement as per the rules of the Company.



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M-5, Magnum House-1, Community Centre, Karampura,

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CIN: U65921DL1993PLC283660

- xxxvi. "**Relevant Date**" means any of the following dates as the context require:
- a) in the case of Grant, the Grant Date; or
  - b) in the case of Exercise, the date on which the notice of Exercise is given to the Company by the Grantee.
- xxxvii. "**SBEB Regulations**" means the Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations 2021 as amended and enacted from time to time read with all circulars and notifications issued thereunder.
- xxxviii. "**Secretarial Auditor**" means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the LODR Regulations.
- xxxix. "**Shares**" means Equity Shares of the Company including Equity Shares arising out of the exercise of Employee Stock Options granted under the ESOP 2016.
- xl. "**Stock Exchange**" means the National Stock Exchange, Bombay Stock Exchange or any other recognized stock exchanges in India on which the Company's Shares are listed or to be listed.
- xli. "**Subsidiary Company**" means any present or future subsidiary company of the Company, as per the provisions of the Companies Act.
- xlii. "**Trust**" means any employee welfare trust, which may be set-up by the Company for the benefit of the Employees of the Company and which may from time to time be entrusted with the administration of ESOP 2016 or any other Employee Stock Option Plans of the Company.
- xliii. "**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.



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M-5, Magnum House-1, Community Centre, Karampura,

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- xliv. **“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.
- xlv. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Employee Stock Options granted to him in pursuance of the ESOP 2016.
- xlvi. **“Vesting Condition”** means any condition subject to which the Options granted would vest in an Option Grantee.
- xlvii. **“Vesting Period”** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the ESOP 2016 takes place.

## **2.2 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.

## **3. Authority and Ceiling**

- 3.1 The Shareholders in their meeting held on November 29, 2016 have taken note of the Board resolutions to grant 5,60,294 (Five Lakh Sixty Thousand Two Hundred and Ninety Four) Employee Stock Options to the Employees under ESOP 2016, in one or more tranches, exercisable into not more than 5,60,294 (Five Lakh Sixty Thousand Two





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M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

Hundred and Ninety Four) fully paid-up Equity Shares in the Company of a face value of Rs. 10/- each\*, with each such Option conferring a right upon the Employee to apply for one Equity Share to be issued by the Company or transferred by the Trust, in accordance with the terms and conditions of such issue/ transfer and subject to the provisions of ESOP 2016.

The Company at its Annual General Meeting held on August 5, 2016 had approved an Employee Stock Option Plan 2016 ('the Plan') with initial pool of 3,86,416 options and had authorised the Company to issue stock options under the above plan. At the Annual General Meeting held on September 30, 2019, additional 1,73,878 options were added to this plan, increasing the options in ESOP 2016 to 5,60,294 options.

The Shareholders in their meeting held on November 10, 2020 approved transfer of 1,15,751 (One Lakh Fifteen Thousand Seven Hundred and Fifty One) options from ESOP 2016 to ESOP 2020. Subsequently, the Compensation Committee ratified on November 12, 2024 transfer of additional 1,281 options from ESOP 2016 to ESOP 2020. Accordingly, the total number of options that have been transferred from ESOP 2016 to ESOP 2020 are 1,17,032 options. The options remaining in ESOP 2016 are 4,43,262 options.

*\*Face value of Equity shares of the Company changed from Rs. 10/- each to Rs. 2/- each vide shareholders resolution dated October 17, 2024.*

- 3.2 The number of Options that may be granted to any specific Employee in one or more tranches shall not exceed 80,000 (Eighty Thousand) Options in aggregate under the Plan.

**Provided that** in case Grant of Options to any Employee exceeds 1% (One percent) of issued capital (excluding outstanding warrants and conversions) in any year or in aggregate, the Company shall obtain prior approval of shareholders.

**Provided further that** post Listing, prior approval of shareholders by way of special resolution shall be obtained in case the Grant of Options to any identified Employee is



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M-5, Magnum House-1, Community Centre, Karampura,

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CIN: U65921DL1993PLC283660

equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant.

- 3.3 If an Employee Stock Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Stock Options pool as mentioned in Sub-clause 3.1 and shall become available for future Grants, subject to compliance with all Applicable Laws.
- 3.4 Where Shares are issued/ transferred consequent upon Exercise of an Employee Stock Option under the ESOP 2016, the maximum number of Shares that can be issued/ transferred under ESOP 2016 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of such Shares issued/ transferred.
- 3.5 In case of a Share split or consolidation, if the revised face value of the Equity Share is less or more than the current face value as prevailing on the date of coming into force of this Plan, the maximum number of Shares available for being granted under ESOP 2016 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (No. of Shares X Face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation. Thus, for example, if the prevailing face value of each Share is Rs. 10 per Share and the revised face value after the Share split is Rs. 5 per Share, the total number of Shares available under ESOP 2016 would be (Shares reserved at Sub-Clause 3.1 x 2) Equity Shares of Rs. 5 each. Similarly, in case of bonus issue, rights issue, etc. the available number of Shares under ESOP 2016 shall be revised.
- 3.6 After Listing, the Company shall obtain prior approval from the shareholders of the Company by way of ratification of the Plan.

#### 4. Administration

- 4.1 The ESOP 2016 shall be administered by the Board of the Company. The Board may delegate some or all the functions relating to administration of the ESOP 2016 to the Compensation Committee in which case the rights, powers, duties or liabilities of the Board to the extent delegated shall be discharged by the Compensation Committee.



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

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CIN: U65921DL1993PLC283660

- 4.2 All questions of interpretation of the ESOP 2016 or any Employee Stock Option shall be determined by the Board or the Compensation Committee, as the case may be and such determination shall be final and binding upon all persons having an interest in the ESOP 2016 or in any Employee Stock Option granted thereunder. The ESOP 2016 may be administered by a designated Trust.
- 4.3 The Board shall in accordance with this Plan and Applicable Laws determine the following:
- (a) The Eligibility Criteria of the Employees for being covered in the Plan;
  - (b) The quantum of Employee Stock Options to be granted under the ESOP 2016 per Employee subject to the overall and individual ceilings as specified in Sub-clauses 3.1 and 3.2;
  - (c) The procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, sale of division, stock split / consolidation, rights issues, bonus issues and others;
  - (d) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Options including the case of Employees who are on long leave;
  - (e) The procedure for cashless exercise of Employee Stock Options, if required; and
  - (f) Approve forms, writings and/or agreements for use in pursuance of the ESOP 2016.
  - (g) Any other activity prescribed by any regulatory authority(ies) in future and the Compensation Committee is authorized to take necessary action as per applicable laws.

Post Listing, the Compensation Committee shall frame suitable policies and procedures to ensure that there is no violation of any securities laws including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating To Securities Market) Regulations, 2003 or any statutory





modification or re-enactment of these regulations by the Company or any of its Employees, as applicable.

## 5. Grant and Acceptance of Grant

### 5.1 Grant of Options

- a) Grants contemplated under the Plan shall be made on such day and month as decided by the Board at its discretion.
- b) Each Grant of Option under the Plan shall be made in writing by the Company to the eligible Employees by way of Grant Letter containing specific details of the Grant, and disclosure requirements, as prescribed under Applicable Laws.

### 5.2 Acceptance of the Grant

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

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

## 6. Eligibility and Applicability

- 6.1 Only Employees within the meaning of this Plan are eligible for being granted Employee Stock Options under ESOP 2016. The Eligibility Criteria for any particular Grant and the specific eligible Employees to whom the Options would be granted shall be determined by the Board or Compensation Committee at its discretion from time to time.



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

**Provided that** the Eligibility Criteria shall be as per details given in **Annexure “1”** unless otherwise decided by the Board or Compensation Committee in any specific or general cases.

- 6.2 The Plan shall be applicable to the Company, its Subsidiary in or outside India, and its Holding Company if any, and any successor Company thereof and may be granted to the Employees of the Company, or of its Subsidiary Company(ies), or its Holding Company, as determined by the Board at its sole discretion.

**Provided that** in case of Grant of Options to any Employee of Subsidiary or Holding Company, the Company shall obtain prior approval of shareholders.

**Provided further that** post Listing, in case of Grant of Options to any Employee of Subsidiary or Holding Company, the Company shall obtain prior approval of shareholders by way of a special resolution.

**7. Vesting Schedule and Vesting Conditions**

- 7.1 Employee Stock Options granted under ESOP 2016 shall vest not before **1 year** and not after maximum Vesting Period of **4 years** from the date of grant of such Options.
- 7.2 Vesting of Options would be subject to continued employment with the Company, including Subsidiary Company(ies), Holding Company, as the case may be, and thus the Options would vest essentially on passage of time. In addition to this, the Board or Compensation Committee may also specify certain performance criteria subject to satisfaction of which the Options would vest.

**Provided that** the exact vesting schedule and vesting condition shall be as per broad policy mentioned in **Annexure “1”** unless otherwise decided by the Board or Compensation Committee in any specific or general cases.



**Aye Finance Limited (Formerly Known as Aye Finance Private Limited)**

M-5, Magnum House-1, Community Centre, Karampura,

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CIN: U65921DL1993PLC283660

**Provided further that** in the event of death or permanent incapacity of an Employee, the minimum Vesting Period shall not be applicable and in such instances, all the unvested Options shall vest in the legal heirs or nominees of the deceased Employee, with effect from date of the Death or Permanent incapacity.

7.3 The specific vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the document given to the Option Grantee at the time of grant of Options.

**7.4 Vesting of Options in case of Employees on long leave**

The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Board or Compensation Committee.

**7.5 Acceleration of vesting in certain cases**

Subject to elapse of minimum Vesting Period of 1 year from the date of Grant:

- (i) The Board shall have the power to accelerate Vesting of any or all Unvested Options upon or in connection with Listing with effect from such date, as the Board may determine at its discretion.
- (ii) In case of Management Sale, Vesting of the Unvested Options shall accelerate automatically by 1 (one) year without any further approval of the Board. As a consequence, Options due for vest in the next annual tranche of Vesting shall be deemed to vest on last annual tranche of Vesting immediately preceding the date of such Management Sale.
- (iii) In case after acceleration of Vesting of Unvested Options as aforesaid, there occurs no Listing nor any Management Sale, as the case may be, such non-occurrence shall lead to automatic cancellation of such acceleration and such Unvested Options shall be subject to normal Vesting schedule.





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M-5, Magnum House-1, Community Centre, Karampura,

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CIN: U65921DL1993PLC283660

(iv) **Provided that** post Listing, this Sub-clause 6.5 shall defunct.

**8. Exercise**

**8.1 Exercise Price**

(a) The Exercise Price shall be such price as determined by the Board or Compensation Committee being not less than the **face value** of an Equity Share of the Company as on date of grant of Options.

**Provided that** Exercise Price shall be such as mentioned in **Annexure “I”** unless otherwise decided by the Board or Compensation Committee in any specific or general cases.

(b) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, or by any other payment methods prevalent in Reserve Bank of India recognized banking channels or in such other manner as the Board or Compensation Committee may decide from time to time.

(c) No amount shall be payable by the Option Grantee at the time of grant and hence no amount is required to be forfeited even if an employee does not exercise the options within exercise period and accordingly no adjustment is required to be made for the same.

**8.2 Exercise Period**

(a) **Exercise while in employment:**

The Vested Options can be exercised by the Option Grantee only upon or in connection with happening of a Liquidity Event within such period as may be prescribed by the Board or Compensation Committee in this regard.

Upon Listing, this Clause shall not have any effect and the aspects dealt with herein shall be governed under the Sub-clause 8.3 of this Plan.

(b) **Exercise in case of separation from employment**



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

Subject to proviso mentioned after the Table, Options may be exercised as under:

S. No.	Events of Separation	Vested Options	Unvested Options
1	<b>Resignation / termination</b> (other than due to Misconduct or due to breach of Company Policies/ Terms of Employment)	All the Vested Options as on date of resignation/ termination can be exercised by the Option Grantee only upon or in connection with happening of Liquidity Event, within such period as shall be notified by the Board at that time.	All the Unvested Options as on date of resignation/ termination shall stand <b>cancelled</b> with effect from date of resignation or termination.
2	<b>Termination due to Misconduct or due to breach of Company Policies /Terms of Employment</b>	All the Vested Options at the time of such termination shall stand <b>cancelled</b> with effect from the date of such termination.	All the Unvested Options at the time of such termination shall stand <b>cancelled</b> with effect from the date of such termination.
3	<b>Retirement</b>	All the Vested Options as on date of Retirement, unless settled by way of cash payment as per Proviso below, can be exercised by the Option Grantee only upon or in connection with happening of Liquidity Event, within such period as shall be notified by the Board at that time.	All Unvested Options on the date of retirement shall stand <b>cancelled</b> with effect from that date.



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

		<p><b>Provided that</b> the Option Grantee at his/her discretion may apply for settlement of all such Vested Options by way of cash payment subject to surrender of such Options with extinction of all rights therein. The cash consideration shall be equal to excess of Fair Market Value prevailing at that time over the Exercise Price, which shall be paid by the Company within 6 months from the date of application thereof.</p>	
4	<b>Death</b>	<p>All the Vested Options as on date of death of the Option Grantee, unless settled by way of cash payment as per Proviso below, can be exercised by the deceased Option Grantee's nominee or legal heir, only upon or in connection with happening of Liquidity Event, within such period as shall be notified by the Board at that time.</p>	<p>All the Unvested Options as on date of death of Option Grantee shall be deemed to have been vested and accordingly, such Options can be exercised by the Option Grantee's nominee or legal heir as per provisions prescribed for Vested Options.</p>





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M-5, Magnum House-1, Community Centre, Karampura,

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CIN: U65921DL1993PLC283660

		<p><b>Provided that</b> the deceased Option Grantee's nominee or legal heir at his/her discretion may apply for settlement of all such Vested Options by way of cash payment subject to surrender of such Options with extinction of all rights therein. The cash consideration shall be equal to excess of Fair Market Value prevailing at that time over the Exercise Price, which shall be paid by the Company within 6 months from the date of application thereof.</p>	
5	<b>Permanent Incapacity</b>	<p>All the Vested Options up to the date of such cessation, unless settled by way of cash payment as per Proviso below, can be exercised by the Option Grantee, only upon or in connection with happening of Liquidity Event, within such period as shall be notified by the Board at that time.</p>	<p>All the Unvested Options as on date of such cessation shall deemed to vest and may be exercised by the Option Grantee as per provisions prescribed for Vested Options.</p>



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

		<p><b>Provided that</b> the Option Grantee at his/her discretion may apply for settlement of all such Vested Options by way of cash payment subject to surrender of such Options with extinction of all rights therein. The cash consideration shall be equal to excess of Fair Market Value prevailing at that time over the Exercise Price, which shall be paid by the Company within 6 months from the date of application thereof.</p>	
6	<b>Abandonment*</b>	All the Vested Options shall stand <b>cancelled</b> .	All Unvested Options shall stand <b>cancelled</b> .
7	<b>Termination due to reasons apart from those mentioned above</b>	All the Vested Options as on date of such termination shall stand <b>cancelled</b> unless otherwise decided by the Board and such decision shall be final.	All Unvested Options on the date of such termination shall stand <b>cancelled</b> unless otherwise required by Applicable Laws.

\* The Board at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned.

8.3 Provisions on exercisability of **Options after Listing** shall be determined as under:



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

S. No.	Events of Separation	Vested Options	Unvested Options
1	<b>Continuation of employment/ service</b>	All the Vested Options can be exercised within the Exercise Period of 5 years from the date of (i) Vesting, or (ii) Listing, whichever is later.	All the Unvested Options shall continue to vest as per original Vesting schedule and <b>be exercisable</b> within the period specified for Vested Options.
2	<b>Resignation / termination (other than due to Misconduct)</b>	All the Vested Options as on date of resignation or termination shall be exercisable (i) by the last working day or (ii) Listing, whichever is later.	All the Unvested Options as on date of resignation or termination shall <b>lapse</b> .
3	<b>Termination due to Misconduct or breach of Company Policies /Terms of Employment</b>	All the Vested Options at the time of such termination shall stand <b>cancelled</b> with effect from the date of such termination.	All the Unvested Options at the time of such termination shall stand <b>cancelled</b> with effect from the date of such termination.
4	<b>Retirement</b>	All the Vested Options can be Exercised within a period of <b>1 (one)</b> year from the date of (i) Retirement or (ii) Listing, whichever is later.	All the Unvested Options as on date of Retirement shall vest as per Vesting schedule as originally prescribed even after date of Retirement and be exercisable in the manner specified for Vested Options unless otherwise determined by the Compensation Committee in accordance with the company's policies and the applicable law.
5	<b>Death</b>	All the Vested Options as on date of death shall be exercisable by the legal heir/ nominee of such deceased Option Grantee within a period of <b>1 (One)</b> year from the date of (i) Death, or (ii) Listing, whichever is later.	All the Unvested Options as on date of death shall vest immediately and be <b>exercisable</b> in the manner specified for Vested Options.





Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

S. No.	Events of Separation	Vested Options	Unvested Options
6	<b>Permanent Incapacity</b>	All the Vested Options as on date of incurring of Permanent Incapacity shall be exercisable by the Option Grantee within a period of <b>1 (One)</b> year from the date of (i) incurring of Permanent Incapacity, or (ii) Listing, whichever is later.	All the Unvested Options as on date of incurring of Permanent Incapacity shall vest immediately and be exercisable in the manner specified for Vested Options.
7	<b>Abandonment of employment</b>	All the Vested Options shall stand <b>cancelled</b> .	All Unvested Options shall stand <b>cancelled</b> .
8	<b>Termination due to reasons apart from those mentioned above</b>	The Compensation Committee shall decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All the Unvested Options as on the date of such termination shall stand <b>cancelled</b> unless otherwise required by the Applicable Laws.

**Provided that** in case the Company proposes Listing, all the exercisable Vested Options can be exercised within such period (“Notified Period”) prior to the date of filing of prospectus with appropriate authorities as may be notified by the Board prior to such Listing. For effecting this, the Company shall issue notice to the Option Grantee, legal heir or nominee as the case may be, prior to filing of prospectus with appropriate authorities, at their registered address available in the records of the Company for the Exercise of the Vested Options. In case, the Option Grantee, legal heir or nominee as the case may be, fails to exercise the Vested Options within the Notified Period, such Vested Options shall lapse on expiry of such Notified Period and the Option Grantee, legal heir or nominee as the case may be, shall have no recourse on such cancelled Options.



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

8.4 Drag along rights of the Current Shareholders

- (a) At any time the Current Shareholders shall have the right to sell, merge or liquidate the business or undertaking or undertakings of the Company at their own discretion. **Notwithstanding anything contained in this Plan**, the Current Shareholders shall have the right of Drag-along up to all the Shares of the Option Grantees to facilitate Management Sale prior to Listing. However, this Drag-along shall be on terms no less favourable than those of the sale of the Shares held by the Current Shareholders as more particularly mentioned hereunder.
- (b) The Current Shareholders shall deliver a written Notice to each Option Grantee setting out the salient feature of the Management Sale and details of the terms and conditions including number of Vested Options to be exercised, number of Shares to be dragged-along, price per Share, the manner and mode of transfer of Shares ("Notice").
- (c) Option Grantees shall exercise the Vested Options to meet the Drag-along obligation as set out in the Notice. The Shares arising out of the Exercise of Vested Options pursuant to the Notice shall be offered by the Option Grantee.
- (d) Each Option Grantee shall take all necessary and desirable actions in connection with the completion of the Management Sale, including exercising of their Vested Options, executing agreements and instruments and taking other actions as may be reasonably necessary to provide the representations, warranties, indemnities, covenants, conditions and other provisions and agreements, as the case may be, required to complete the Management Sale.
- (e) If an Option Grantee fails for any reason to take any of the actions described above, he/she shall be deemed to have appointed any Company Director nominated by the Company as his/her attorney, on his/her behalf and in his/her



name, with full power, to execute, complete and deliver any document or instrument or to take any other action, including to receive the proceeds of the sale and to give good quitance for the sale price in order to complete the Management Sale. The Option Grantee shall confirm and ratify the acts of such Company Director acting as his attorney under this clause.

- (f) Without limiting the generality of the provisions above, each Option Grantee shall, on or before the date falling 10 business days after the date of the Notice, deliver to the Company in writing:
- a. setting out his/her agreement to the Management Sale; and
  - b. if the Management Sale is structured as a sale of Shares, enclosing Share certificates representing its Shares and a transfer form duly executed.

#### 8.5 Lapse of Options

Options not exercised within the prescribed Exercise Period in respective Sub-clauses above shall lapse and the Option Grantee shall have no right over such lapsed Options.

#### 8.6 Right to prescribe for cashless exercise of Options

Notwithstanding anything contained in the foregoing provisions relating to Exercise of Options including that contemplated in Drag-along of Shares, the Board or Compensation Committee is entitled to specify such procedures and mechanisms for the purpose of implementing the cashless Exercise of Options as may be necessary and the same shall be binding on all the Option Grantees. The procedure may *inter alia* require the Option Grantees to authorize any person including the Trust nominated by the Company to deal with the Options on the Option Grantees' behalf till the realization of sales proceeds by way of cash payment.

#### 9. Cash settlement of Options in certain cases

- 9.1 Prior to Listing, in case none of the Liquidity Events happens for 5 years from the date of Grant, the Board or Compensation Committee shall have the right (without any obligation)





to settle any or all of the unexercised Vested Options, in one or more tranches, by way of cash payment.

- 9.2 The consideration of cash payment shall be equal to the excess of the Fair Market Value of Shares underlying such Options prevailing at the time of approval of proposal for settlement of Vested Options over the Exercise Price.
- 9.3 The consideration shall be paid by the Company within a maximum period of 6 (Six) months from the date of settlement thereof.
- 9.4 To the extent unexercised Vested Options are settled by way of cash payment, all rights of the Option Grantee therein including right to Exercise such Options shall be deemed to be settled and extinguished with effect from date of receipt of the cash payment.
- 9.5 Post Listing, Clause 9 shall defunct.

## 10. Right of First Refusal

- 10.1 At any time prior to Listing, in case an Employee intends to transfer his Shares to any person ("Intended Transferee") which were allotted/ transferred to him under the Plan, the Investors and Founders ("ROFR Holders") within the meaning of the Shareholders' Agreement dated 13<sup>th</sup> October 2016, shall have the right of first refusal over such Shares.
- 10.2 The Employee has to intimate his intention of transfer to the Board along with details namely the number of Shares to be transferred, particulars of the Intended Transferee, the consideration and other details as may be required by the Board.
- 10.3 The Board shall intimate the details of such intended transfer ("ROFR Offer") to the ROFR Holders. The ROFR Offer may be accepted by the ROFR Holders to purchase Shares inter se in the proportion of their respective shareholding in the equity share capital of the Company as on date of receipt of intimation by the Board.



- 10.4 In case any one or more of the ROFR Holders do not wish to acquire such Shares in full or in part of their respective entitlement, the rest of the willing ROFR Holders may acquire such Shares in the ratio of their respective shareholding in the Company.
- 10.5 In case the right of first refusal is intended to be exercised by the ROFR Holders, such exercise has to be done within a period of 45 days from the date of intimation of such ROFR Offer by the Board.
- 10.6 The consideration in connection with exercise of right of first refusal shall be lower of following:
- (i) The Fair Market Value of Share prevailing as on date of intimation of such intended transfer by the Employee to the Board; or
  - (ii) The amount of consideration intimated to the Board.
- 10.7 In case of failure to exercise such right within this period, the ROFR Offer shall be deemed to lapse and the Employee may transfer the Shares to the Intended Transferee subject to approval of the Board which shall be determined as per the provisions of the Articles of Association of the Company.
- 10.8 Post Listing, Clause 10 shall defunct.
- 11. Free Transferability upon Listing**
- 11.1 Upon Listing, the Option Grantee or his nominee/ legal heir, wherever applicable, can sell Shares in the open market at any time in accordance with Applicable Laws and policies of the Company, subject to any lock in period as per Applicable Laws.
- 11.2 Upon Listing and subject to other provisions of the Applicable Laws, the Company shall list new Shares issued under the Plan on the recognized Stock Exchange(s).



**Aye Finance Limited (Formerly Known as Aye Finance Private Limited)**

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

**12. Restriction on transfer of Options**

12.1 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

12.2 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 8.2(b) would apply.

12.3 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 holder, in which case clause 8.2(b) would apply.

**13. Lock-in Period of Shares**

13.1 The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in restriction except such restrictions as may apply under the Applicable Laws and particularly in connection with Listing.

**14. Other Terms and Conditions**

**14.1 Listing of Shares**

In case of Listing, the Board is authorized to do such acts, deeds and things including but not limited to amendment of this Plan to make the Plan compliant of any Applicable Laws prevailing at that time.

14.2 The Employee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a Shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted/ transferred on Exercise of such Employee Stock Option.

14.3 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,





**Aye Finance Limited (Formerly Known as Aye Finance Private Limited)**

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

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.

- 14.4 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, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with Clause 4.3(c) of ESOP 2016.

**15. Deduction/Recovery of Tax**

The Company shall have the right to deduct from the Employee's salary, any of the Employee's or employer's 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 to the Option Grantee until such tax obligations have been satisfied by the Option Grantee.

**16. Malus/ Clawback**

Subject to compliance of the Applicable Laws, the Company reserves the right of executing malus/ clawback arrangements with respect to options already granted.

- a) A malus arrangement permits the Company to prevent Vesting of all or part of the Options granted to an Option Grantee. However, the malus arrangement shall not reverse the Vesting of already Vested Options.
- b) A clawback, on the other hand, is a contractual agreement between the Option Grantee and the Company, being evidenced on the acceptance of the Grant, in which case the Option Grantee shall relinquish any benefit that accrued to or return any benefit that is received by such Option Grantee to the Company under circumstances specified at the time of Grant of Options.
- c) On the recommendation of Nomination and Remuneration Committee the Board may invoke Malus/Claw back clause for the Options granted to an Option



**Aye Finance Limited (Formerly Known as Aye Finance Private Limited)**

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

Grantee in any of the following scenarios within 2 years from the date of occurrence of an event:

- i. Gross negligence and integrity breach (Errors of judgment shall not be construed to be breaches under this note)
- ii. Exercising one's responsibilities in a mala fide manner.
- iii. Starting a competitive venture and/or soliciting company's employees in their venture within two years from last working date with the Company.
- iv. Any other justifiable malafide situation where the Board or Nomination and Remuneration Committee deems invoking Malus and/or Claw back provision necessary and justified.

**17. Authority to vary terms**

For the purpose of efficient implementation and administration of the Plan, the Board may at its sole discretion revise any of the terms and conditions in respect of existing or any new grant of Options.

**18. Miscellaneous**

**18.1 Government Regulations**

The ESOP 2016 shall be subject to all Applicable Laws, and approvals from government authorities. The Grant and the allotment/ transfer of Shares under this ESOP 2016 shall also be subject to the Company requiring Employees to comply with all Applicable Laws.

**18.2 Inability to obtain authority**

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 from any and all liability in respect of the failure to issue/ transfer or sell such Shares.



Aye Finance Limited (Formerly Known as Aye Finance Private Limited)

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

18.3 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.

18.4 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).

18.5 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.

**19. Notices**

19.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2016 shall be in writing. The communications shall be made by the Company in any one or more of the following ways:

- i. Sending communication(s) to the address of the Option Grantee available in the records of the Company; and/ or
- ii. Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; and/ or
- iii. Emailing the communication(s) to the Option Grantee at the official email address provided if any by the Company during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.





**Aye Finance Limited (Formerly Known as Aye Finance Private Limited)**

M-5, Magnum House-1, Community Centre, Karampura,

West Delhi, New Delhi – 110015, India.

CIN: U65921DL1993PLC283660

- 19.2 All notices of communication to be given by an Option Grantee to the Company in respect of ESOP 2016 shall be sent to the address mentioned below:

Designation : Head – Human Resources

Address : Aye Finance Limited

Unit No. - 701-711, 7th Floor, Unitech Commercial Tower-2,  
Sector-45, Arya Samaj Road, Gurugram – 122003, Haryana, India

**20. Certificate from Secretarial Auditors**

Upon Listing, the Board shall at each annual general meeting place before the Current Shareholders a certificate from the secretarial auditors of the Company that the Plan has been implemented in accordance with the SBEB Regulations and in accordance with the resolution of the Company in the general meeting. The Board shall also make the requisite disclosures of the Plan, in the manner specified under the SBEB Regulations.

**21. Nomination**

The Employee has to compulsorily nominate a person as his nominee. The nominee in case of death or legal incapacity of Employee shall be the legal representative recognized by the Company as the inheritor of the Employee in respect of all rights and liabilities for the purposes of this Plan.

**22. Accounting and Disclosures**

- 22.1 The Company shall follow the laws/regulations applicable to accounting and disclosure related to Employee Stock Options, including but not limited to the Guidance Note on Accounting for Employee Share-based Payments (Guidance Note) and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) 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 any of the Plans covered under these



regulations then the Company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI from time to time.

### **23. Governing Laws**

23.1 The terms and conditions of the ESOP 2016 shall be governed by and construed in accordance with the laws of India including the Income Tax Laws and Foreign Exchange Laws mentioned below.

#### **23.2 Income Tax Laws**

The provisions of the Income Tax Act, 1961 and Rules made thereunder as amended and enacted from time to time shall be applicable in respect of taxability of Employees and the Company arising out of any transaction in the Employee Stock Options.

#### **23.3 Foreign Exchange Laws**

In case any Employee Stock Options are granted to any Employee being resident outside India belonging to the Company or to any Subsidiary Company of the Company set-up outside India, the provisions of the Foreign Exchange Management Act, 1999 and Rules or Regulations made thereunder as amended and enacted from time to time shall be applicable and the Company has to comply with such requirements as prescribed in connection with grant, vest, exercise of Employee Stock Options and allotment/transfer of Shares thereof.

### **24. Jurisdiction**

24.1 The Courts in New Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESPP 2016.

24.2 Nothing in this clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESPP 2016:

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



**25. Severability**

In the event any one or more of the provisions contained in this ESOP 2016 shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this ESOP 2016, but ESOP 2016 shall be construed as if such invalid, illegal, or unenforceable provision had never been set forth herein, and the ESOP 2016 shall be carried out as nearly as possible according to its original intent and terms.

**26. Confidentiality**

- 26.1 An Option Grantee must keep the details of the ESOP 2016 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this confidentiality Clause, the Company has undisputed right to terminate any agreement and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this clause, the Board shall have the authority to deal with such cases as it may deem fit.
- 26.2 On acceptance of the grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Plan or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

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**ANNEXURE - "1"**

**1. Eligibility criteria:**

- (a) For the first grant of Options, Employee Stock Options shall be granted to the Employees on the basis of one or more of the critical attributes as under:
- (i) Past performance of existing employees / experience of new joinees;
  - (ii) Role played; and
  - (iii) Future potential expected by Management.
- (b) For subsequent grant of Options, the aforesaid criteria shall be followed unless otherwise decided by the Board.

**2. Vesting schedule and vesting condition:**

- (a) For the first grant of Options, vesting schedule and condition shall be as under:

Dates of Vesting	Options to vest	Vesting conditions
1 <sup>st</sup> anniversary from date of grant	10% of Options granted	1. Continuous employment as on relevant date of vesting; and 2. Latest individual performance rating as on relevant date of vesting of at least "2" as per performance appraisal system of the Company.
2 <sup>nd</sup> anniversary from date of grant	20% of Options granted	
3 <sup>rd</sup> anniversary from date of grant	30% of Options granted	
4 <sup>th</sup> anniversary from date of grant	40% of Options granted	

- (b) For subsequent grant of Options, the aforesaid vesting schedule and condition shall be followed unless otherwise decided by the Board.



**Aye Finance Limited (Formerly Known as Aye Finance Private Limited)**

M-5, Magnum House-1, Community Centre, Karampura,  
West Delhi, New Delhi – 110015, India.  
CIN: U65921DL1993PLC283660

**3. Exercise price:**

- (a) For the first grant of Options, the Exercise Price per Option shall be at the Fair Market Value prevailing as on date of grant of Options.
  
- (b) For subsequent grant of Options, the aforesaid pricing shall be followed unless otherwise decided by the Board.

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