

Employee Stock Option Plan 2020

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

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

**CERTIFIED
TRUE COPY**

For AYE FINANCE LIMITED

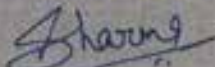

Company Secretary

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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 2020**' ("**ESOP 2020**"/ "**Plan**").
- 1.2 The objectives of the Plan are to reward key Employees for their performance, their association with the Company as well as to attract, retain and reward them to contribute to the corporate growth and profitability. The Company intends to use Plan to attract and retain key talents in the organization. The Company views Employee Stock Option as an instrument that would enable the Employees to get a share in the value they create for the Company.
- 1.3 The Plan is established with effect from the Effective Date (as defined hereinafter) 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 Plan have been issued and exercised (as defined herein below), whichever is earlier.
- 1.4 The ESOP Scheme 2020 was thereafter amended vide a Board/Committee resolution dated December 11, 2024 and approved by the shareholders' resolution dated December 11, 2024.

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 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 authority.



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 issued thereunder from time to time and includes any statutory modifications or re-enactments thereof.
- iv. **“Company”** means “Aye Finance Limited a company registered in India having CIN: U65921DL1993PLC283660 and having its registered office at M- 5, Magnum House-I, Community Centre, Karampura, West Delhi, New Delhi – 110 015.
- 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. **“Committee”** means the Compensation Committee, Nomination and Remuneration Committee, or any other Committee by whatever name called, constituted or re-constituted from time to time by the Board entrusting supervision and administration of Plan.
Post Listing, “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 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 Options to the Employees.
- x. **“Effective Date”** means shall mean November 10, 2020 being the date on which this Plan has been approved by the shareholders under Section 62(1)(b) of the Companies Act.
- xi. **“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 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.
- xii. **“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.
- xiii. **“ESOP 2020”** means the Aye Finance Employee Stock Option Plan 2020 under which the Company is authorized to grant Options to the Employees.



- xiv. “Exercise” of an Option means expression of an intention by an Employee to the Company to purchase or subscribe the Shares underlying the Options vested in him, in pursuance of the Plan, in accordance with the procedure laid down by the Company for Exercise of Options.
- xv. “Exercise Period” means such period as prescribed in Plan within which Vested Options may be exercised by an Option Grantee.
- xvi. “Exercise Price” means the price payable by an Employee in order to exercise the Options granted to him in pursuance of the Plan.
- xvii. “Fair Market Value” of a Share means:
- For determination of Exercise Price:** The Fair Market Value of a Share determined by a registered valuer; or latest issue price per Share; *whichever is lower.*
 - For cash settlement:** Fair Market Value of a Share determined within preceding six months from the proposed date of cash settlement, by a registered valuer appointed by the Board from time to time.
 - For any other purpose (including compliance and disclosure):** Fair Market Value of a Share determined as per Applicable Laws, by a registered valuer appointed by the Board from time to time.

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 Plan.
- xix. “Grant Date” means the Grant date as mentioned in the Grant Letter or any such date which may be determined by the Committee as the Grant date.

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. **“Listing”** means listing of the Company’s Shares on any recognized Stock Exchange in India which includes initial public offer of Shares as per Applicable Laws.

xxiv. **“Liquidity Event”** means any event or transaction as decided and approved by the Board as liquidity event for the purposes of this Plan, from time to time, which more particularly includes the following events:

(a) Management Sale event conferring a right of drag along to the Current Shareholders in terms of provisions of sub-clause 8.3(a) of the Plan;

(b) Listing, whereby the Shares of the Company get listed on any recognized Stock Exchange in terms of provisions of sub-clause 8.3(b) of the Plan;

(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.

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.

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 Option in pursuance of the Plan.
- xxxi. **“Permanent Incapacity”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Board based on a certificate of a medical expert identified



by the Board.

xxxii. **“Plan”** means and refers to Plan 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 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, 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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended.

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

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.



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. **“Share”** means equity share of the Company of face value of Rs.2/- each fully paid up, including equity shares arising out of the Exercise of Employee Stock Options granted under the Plan.
- xl. **“Stock Exchange”** means the National Stock Exchange of India Limited, BSE Limited 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 Aye Finance Employee Welfare Trust, 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 this Plan.
- 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.
- 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 Options granted to him in pursuance of the Plan.
- xl. **“Vesting Condition”** means any condition subject to which the Options granted would vest in an Option Grantee.



- xli. "Vesting Period" means the period during which the vesting of the Options granted to the Employee, in pursuance of the Plan 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.
- f) the terms defined above shall for the purposes of this Plan have the meanings herein specified and terms not defined above shall have the meanings as defined in the Companies Act or Applicable Laws, as the context requires. Reference to any act, rules, statute or notification shall include any statutory modifications, substitution or re-enactment thereof.

3. Authority and Ceiling

- 3.1 The shareholders of the Company have vide resolution dated November 10, 2020 approved the Plan authorizing the Board to grant not exceeding such number of Options as approved in this regard, to the eligible Employees in one or more tranches, from time to time, which in aggregate exercisable into equal number Shares of face value of Rs.10 each fully paid up, with each such Option conferring a right upon Employee to apply for one Share to be issued by the Company or transferred by the Trust to such Employee, in accordance with the terms and conditions as may be decided under the Plan.

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 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 in ESOP 2020 thus increased from 6,32,918 to 7,49,950 options of Rs. 10/- each.

**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 maximum number of Options that may be granted to any Employee in any year and in aggregate under the Plan shall be lesser than 1% (One percent) of issued capital (excluding outstanding warrants and conversions) of the Company.

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 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 Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the 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 Options under the Plan, the maximum number of Shares that can be issued/transferred under Plan as referred to in 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 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 Plan 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 Plan would be (Shares reserved at Sub-Clause 3.1 x 2) Shares of Rs. 5 each.

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 Plan shall be administered by the Board of the Company. The Board may delegate some or all the functions relating to supervision and administration of the Plan to the Committee in which case the rights, powers, duties or liabilities of the Board to the extent delegated shall be discharged by the Committee.

4.2 All questions of interpretation of the Plan shall be determined by the Board or the Committee, as the case may be and such determination shall be final and binding upon all persons having an interest in the Plan. Neither the Company nor the Board shall be liable for any action or determination made in good faith with respect to Plan or any Options granted thereunder. The Plan may be administered by the Trust to the extent determined the Board or Committee, as the case may be.

4.3 The Board shall in accordance with this Plan and Applicable Laws determine the following:

(a) The quantum of Options to be granted under the Plan per Employee, subject to the ceiling as specified in Para 3.1;

(b) the Eligibility Criteria for Grant of Options to the Employees;

(c) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Board :

(i) the number and the price of Options shall be adjusted in a manner such that total value 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 Options holders.
- (d) the procedure and terms for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave;
- (e) the procedure for cashless Exercise of Options, if required; and
- (f) approve forms, writings and/or agreements for use in pursuance of the Plan.
- (g) Any other activity prescribed by any regulatory authority(ies) in future and Committee is authorized to take necessary action as per applicable laws.

Post Listing, the 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.

- 5.3 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 determines otherwise.

6. Eligibility and Applicability

- 6.1 Only Employees are eligible for being granted Options under Plan. The specific Employees to whom the Options would be granted, and their Eligibility Criteria shall be determined by the Board or Committee at its discretion from time to time.

Provided that the Eligibility Criteria shall be as per details given in “Annexure 1” unless otherwise decided by the Board or 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, 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 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.

- 6.3 Appraisal process for determining the eligibility of the Employees will be based on designation, period of service, performance linked parameters such as work performance and such other criteria as may be determined by the Board at its sole discretion, from time to time.

7. Vesting Schedule and Vesting Conditions

- 7.1 Options granted under Plan shall vest not earlier than minimum period of **1 (one) year** and not later than maximum period of **4 (four) years** from the date of Grant. The Board at its discretion may grant Options specifying Vesting Period ranging from minimum and maximum period as mentioned above.

- 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 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 "I" unless otherwise decided by the Board or Committee in any specific or general cases.

Provided further that as a prerequisite for a valid Vesting, an Option Grantee is required to be in employment or service of the Company on the date of Vesting and must neither be serving notice for termination of employment/ service, nor be subject to any disciplinary proceedings pending against him on the such date of Vesting. However, on cessation of any disciplinary proceeding in favour of Option Grantee shall entitle him to earn the Vesting kept in abeyance.

7.3 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place shall be specified in the letter issued to the Option Grantee at the time of Grant.

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 Committee.

7.5 **Power to accelerate 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 all Unvested Options in connection with happening of Liquidity Event with effect from such date as the Board may determine at its discretion.
- (ii) In case of Management Sale or Listing, 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 or Listing.

- (iii) In case, after approval of acceleration of Vesting of Unvested Options by the Board, there occurs no Management Sale or Listing, on consideration of which Board would have approved such acceleration, such non-occurrence shall lead to automatic cancellation of such acceleration as if such proposal was never considered nor approved by the Board as a result of which such Unvested Options shall be subject to normal Vesting schedule.
- (iv) **Provided that**, post Listing, this Sub-clause 7.6 shall defunct.

8. Exercise

8.1 Exercise Price

- (a) The Exercise Price per Options shall be determined by the Board or Committee which shall not be less than the face value of the Shares of the Company as on date of Grant.

Provided that Exercise Price shall be such as mentioned in Annexure "1" unless otherwise decided by the Board or Committee in any specific or general cases.

- (b) Payment of the Exercise Price shall be made by crossed cheque, demand draft or electronic mode 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 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/ service:**

The Vested Options can be exercised by the Option Grantees only in connection with or upon happening of a Liquidity Event and/or within such period as



determined by the Board or Committee at its sole discretion.

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/ service:

Subject to the Proviso below, the Options can be exercised as under:

| S. No. | Events of separation | Vested Options | Unvested Options |
|--------|--|---|---|
| 1 | Resignation / termination (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, shall be dealt with as per terms of clause 8.2(c). | All the Unvested Options as on date of resignation/ termination shall stand cancelled with effect from date such resignation/ termination. |
| 2 | Termination due to Misconduct or due to breach of Company Policies /Terms of Employment | All the Vested Options at the time of such termination shall stand cancelled with effect from the date of such termination. | All the Unvested Options at the time of such termination shall stand cancelled with effect from the date of such termination. |
| 3 | Retirement | 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. Provided that 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. | All Unvested Options on the date of Retirement shall stand cancelled with effect from date of Retirement. |



| | | | |
|---|-----------------------------|--|---|
| 4 | Death | <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>Provided that 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> | <p>All the Unvested Options as on date of death shall vest immediately and can be exercised in the manner defined for Vested Options.</p> |
| 5 | Permanent Incapacity | <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>Provided that 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> | <p>All the Unvested Options as on date of incurring of such incapacity shall vest immediately and can be exercised in the manner defined for Vested Options.</p> |



| | | | |
|---|--|---|---|
| 6 | Abandonment of employment* | All the Vested Options shall stand cancelled . | All Unvested Options shall stand cancelled . |
| 7 | Termination due to reasons apart from those mentioned above | All the Vested Options as on date of such termination shall stand cancelled unless otherwise decided by the Board and such decision shall be final. | All Unvested Options on the date of such termination shall stand cancelled 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.*

(c) Treatment of Vested Options in case of resignation / termination

The Board may at its discretion adopt any one or more of following mechanisms in connection with Vested Options of an Option Grantee who has resigned or terminated from the employment/service of the Company, which shall be obligatory for such Option Grantee:

- (i) The unexercised Vested Options shall be settled by way of cash payment determined with reference to such percentage of Fair Market Value [Clause 2.1(xvii)(b)] as specified below reduced by the Exercise Price, payable within six months from the date of approval of such cash settlement and upon receipt of cash payment all rights in respect of such Vested Options shall extinguish.

| Tenure* of Option Grantee | Percentage of Fair Market Value |
|--|---------------------------------|
| Less than 4 years | 75% |
| From 4 years to less than 5 years | 80% |
| Equal to or more than 5 years | 90% |
| <i>* Tenure for this purpose shall be determined from (i) Effective Date of the Plan or (ii) date of appointment upto the date of resignation of the Option Grantee.</i> | |

- (ii) Vested Options shall be exercisable within the Exercise Period of 3 (three) months from the date of resignation or termination, as the case may be, which shall be offered for purchase either to the Trust or to the ROFR Holders as set out in Clause 10 of the Plan, at such percentage of Fair



Market Value determined as per table in Sub-clause above or at such higher price as offered by the purchaser; or

- (iii) Option Grantee can carry Vested Options for Exercise in connection with or upon happening of Liquidity Event as per Sub-clause 8.4 of the Plan.

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

| S. No. | Events of Separation | Vested Options | Unvested Options |
|--------|---|--|--|
| 1 | Continuation of employment/ service | 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 be exercisable within the period specified for Vested Options. |
| 2 | Resignation / termination (other than due to Misconduct) | 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 lapse. |
| 3 | Termination due to Misconduct or breach of Company Policies /Terms of Employment | All the Vested Options at the time of such termination shall stand cancelled with effect from the date of such termination. | All the Unvested Options at the time of such termination shall stand cancelled with effect from the date of such termination. |
| 4 | Retirement | All the Vested Options can be Exercised within a period of 1 (one) 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 Committee in accordance with the company's policies and the applicable law. |
| 5 | Death | 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 1 (One) year from | All the Unvested Options as on date of death shall vest immediately and be exercisable in the manner specified for Vested Options. |



| S. No. | Events of Separation | Vested Options | Unvested Options |
|--------|--|---|--|
| | | the date of (i) Death, or (ii) Listing, whichever is later. | |
| 6 | Permanent Incapacity | All the Vested Options as on date of incurring of Permanent Incapacity shall be exercisable by the Option Grantee within a period of 1 (One) 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 | Abandonment of employment | All the Vested Options shall stand cancelled . | All Unvested Options shall stand cancelled . |
| 8 | Termination due to reasons apart from those mentioned above | The 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 cancelled 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.

8.4 Exercise in case of Liquidity Events

a) Exercise arising from Drag Along rights of the Current Shareholders

- (i) At any time, the Current Shareholders shall have the right to



or liquidate the business or undertaking or undertakings of the Company at their own discretion. **Notwithstanding anything contained elsewhere in this Plan**, the Current Shareholders shall have the right of drag-along of any or all the Shares underlying the Vested Options of the Option Grantees, to facilitate Management Sale prior to Listing. However, this drag-along shall be on terms not less favourable than those of the sale of the Shares held by the Current Shareholders as more particularly mentioned hereunder.

- (ii) 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 Shares to be dragged-along, price per Share, the manner and mode of transfer of Shares ("Notice").
- (iii) The Option Grantees shall exercise the Vested Options and obtain Shares. However, it is not obligatory for an Option Grantee to exercise and in case, Vested Options are not exercised within such notified Exercise Period, those shall lapse.
- (iv) In case Vested Options are exercised and Shares are obtained, it shall be obligatory for the Option Grantee to take all necessary and desirable actions in connection with the completion of the Management Sale, including executing agreements and instruments and taking other actions as per Notice.
- (v) If an Option Grantee fails for any reason to take desired actions after obtaining Shares, he/she shall be deemed to have appointed any 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 quittance for the sale price in order to complete the Management Sale. Under terms of this Plan, the Option Grantee is deemed to confirm and ratify the acts of such Director acting as his attorney under this Sub-clause.
- (vi) 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.

b) Listing

- (i) In connection with or upon Listing of Shares, the Option Grantees can Exercise their Vested Options within the specific Exercise Period notified by the Board at its discretion.
- (ii) Post Listing of the Shares, Option Grantees can sell their Shares obtained upon Exercise of Vested Options in the secondary market or otherwise dispose of in accordance with Applicable Laws and Company's policy for insider trading.

8.5 Procedure of Exercise

The Vested Options can be exercised by the Option Grantees by a written application to the Company or Trust in the format as may be prescribed in due course keeping in view the administrative and/ or the legal requirements prevailing at that time.

8.6 Lapse of Options

The Vested Options not exercised within the respective Exercise Period prescribed in sub- clauses of Clause 8 shall lapse and be deemed to cancelled on expiry of such Exercise Period. The Option Grantee shall have no right or recourse over such lapsed/ cancelled Options.

8.7 Right to prescribe for cashless Exercise of Options

Notwithstanding anything contained in the foregoing provisions, the Board or 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.

9. Cash Settlement of Vested Options

- 9.1 Notwithstanding anything contained in the Plan, prior to Listing, the Board or Committee at its discretion shall have the right, without any obligation, to prescribe for cash settlement of unexercised Vested Options.
- 9.2 The consideration for cash settlement per Vested Option shall be the excess of '90% (Ninety percentage) of prevailing Fair Market Value as on date of Board meeting approving the proposal for cash settlement' 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 Barring the requirement to sell the Shares during the Liquidity Events, in case an Employee intends to or is required to transfer 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 latest Shareholders' Agreement as on Effective Date, 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 In case of resignation / termination, the consideration in connection with exercise of right of first refusal shall be as specified in Sub-clause 8.2(b)(ii). In any other case, the consideration 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).

12. Restriction on transfer of Options

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



- 12.2 Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions at Sub-clause 8.2(b) would apply.
- 12.3 No person other than the Employee to whom the Options is granted shall be entitled to Exercise the Options except in the event of the death of the Option Grantee holder, in which case provisions at Sub- clause 8.2(b) would apply.
- 13. Lock-in of Shares**
- 13.1 The Shares issued upon Exercise of Vested Options shall be freely transferable and shall not be subject to any lock-in period 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 Options granted, till Shares underlying such Options are allotted/ transferred on Exercise of such Options.
- 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, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Options 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 Plan.



15. Deduction/Recovery of Tax

- 15.1 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.
- 15.2 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

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 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, if it deems necessary, vary the terms of Plan, including terms of Options granted thereunder, subject to the Applicable Laws and wherever applicable subject to the shareholders' approval, in such manner not detrimental to the interest of Employees.

18. Miscellaneous

18.1 Government Regulations

This Plan shall be subject to all Applicable Laws, and approvals from government authorities. The Grant and the allotment of Shares under this Plan 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 or sell such Shares.

18.3 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Option on any other occasion.

18.4 The rights granted to an Option Grantee upon the grant of an 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 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 Plan 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.

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

Designation : Head - Human Resource

Address : Aye Finance Limited

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

Email : esop@ayefin.com

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 must nominate a person as his/her 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 rules/regulations applicable to accounting of Employee Stock Options with reference to Fair Market Value of Shares as on date of Grant.

22.2 The rules/regulations to be followed shall include but not limited to the IND AS/ Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein.

23. Governing Laws

23.1 The terms and conditions of the Plan 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 Options.

23.3 Foreign Exchange Laws

In case any Options are granted to any Employee being resident outside India belonging to the Company, 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 Options and allotment 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 Plan.



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

- (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 Plan 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 Plan, but Plan shall be construed as if such invalid, illegal, or unenforceable provision had never been set forth herein, and the Plan 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 Plan 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.

-----End of Plan-----



ANNEXURE 1

1. Eligibility Criteria

Eligibility Criteria for each Grant shall be based on one or more attributes as under, unless otherwise decided by the Board:

- i. Past performance of Employees;
- ii. Future potential for succession and indispensability as per Management perception; and
- iii. Highest level of reporting.

2. Vesting schedule and Vesting Conditions

Vesting schedule and Vesting Condition for each Grant shall be as under, unless otherwise decided by the Board:

| Dates of Vesting | Options to vest | Vesting conditions |
|--|------------------------|---|
| 1 st anniversary from date of grant | 25% of Options granted | 1. Continuous employment as on relevant date of vesting; and 2. Individual performance rating of at least median as on relevant date of vesting, as per performance appraisal system of the Company. |
| 2 nd anniversary from date of grant | 25% of Options granted | |
| 3 rd anniversary from date of grant | 25% of Options granted | |
| 4 th anniversary from date of grant | 25% of Options granted | |

3. Exercise Price

The Exercise Price in respect of each Grant shall be Fair Market Value as per Sub-clause 2.1(xvii)(a), unless otherwise decided by the Board.



