



Aye Finance Employee Stock Option Plan 2024

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

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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 2024’ (“ESOP 2024”/ “Plan”).
- 1.2 The objective of the Plan is to reward key Employees for their performance and 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 the 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 on recommendation of the Committee, 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 However, termination of this Plan shall not affect the Grant, Vesting or Exercise of the Options already Granted and the Plan shall remain live vis-à-vis such Options until they are Exercised or lapsed in accordance with the provisions of the Plan.

2. Definitions and Interpretation

2.1 Definitions

- i. **“Applicable Laws”** means every rule, regulation or law relating to options, including, without limitation, the Companies Act, all relevant regulations of the Securities and Exchange Board of India, 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”**), SBEB 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 or 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 issued thereunder from time to time and includes any statutory modifications or re-enactments thereof.

- iv. **“Company”** means Aye Finance Limited (Formerly known as Aye Finance Private Limited).
- 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 Nomination and Remuneration Committee of the Company as constituted / reconstituted by the Board from time to time.
- vii. **“Director”** means a member of the Board of the Company.
- viii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for granting the Options to the Employees.
- ix. **“Effective Date”** shall mean June 26, 2024, being the date on which this Plan has been approved by the shareholders under Section 62(1)(b) of the Companies Act.
- x. **“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.

For the avoidance of doubt, ESOP 2024 is being implemented at this stage only for employees and directors of the Company and its Subsidiary(ies). Any future proposal to extend ESOP 2024 to employees of the Holding Company, if any, will be placed

before the Members for approval by a separate special resolution in accordance with applicable law, prior to any such grant.

- xi.** “**Employee Stock Option**” means an option given to an Employee, which gives such an Employee a right, but not an obligation, to subscribe at a future date the Shares offered by the Company, directly or indirectly at a pre-determined price.
- xii.** “**ESOP 2024**” or “**Plan**” means the Aye Finance Employee Stock Option Plan 2024 under which the Company is authorized to Grant Options to the Employees.
- xiii.** “**Exercise**” of an Option means expression of an intention by an Option Grantee to the Company to 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.
- xiv.** “**Exercise Period**” means such time period after Vesting as prescribed in Plan within which Vested Options may be exercised by an Option Grantee.
- xv.** “**Exercise Price**” means the price payable by an Option Grantee in order to exercise the Options granted to him in pursuance of the Plan.
- xvi.** “**Grant**” means issue of Options to the Employees under the Plan.
- xvii.** “**Grant Date**” means the date on which the Committee approves the Grant.
Explanation: For accounting purposes, the Grant date will be determined in accordance with applicable accounting standards.
- xviii.** “**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.
- xix.** “**Holding Company**” means any present or future holding company of the Company, as per the provisions of the Companies Act.
- xx.** “**Independent Director**” shall have the same meaning assigned to it under the LODR Regulations.
- xxi.** “**Listing**” means listing of the Company’s Shares on any recognized Stock Exchange in India pursuant to Initial Public Offer (“IPO”) of Shares as per Applicable Laws.
- xxii.** “**Long Leave**” refers to the period of leave taken by an Employee/ Option Grantee with or without pay for a period exceeding 90 days.

For the purpose of determining Long Leave, periods during which the Option Grantee is on statutory leave under Applicable Laws/Company Policies (including maternity leave) shall not be counted; in all other cases, including approved earned

leave and sick leave or sabbatical, the period of leave shall be counted toward Long Leave unless otherwise determined by the Committee.

xxiii. “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 closing price on the recognized Stock Exchange having higher trading volume on the said date shall be considered as the Market Price.

xxiv. “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 Option Grantee.

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

xxvi. “Option Grantee” means an Employee who has been granted an Option in pursuance of the Plan.

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

xxviii. “Promoter” shall have meaning as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (“**ICDR Regulations**”), as amended from time to time.

xxix. “Promoter Group” shall have the same meaning assigned to it under the ICDR Regulations, as amended from time to time.

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

xxxi. “Relevant Date” means the date of the meeting of the Committee on which the Grant is made.

xxxii. “SBEB Regulations” means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021, as amended and enacted from time to time read with all circulars and notifications issued thereunder.

xxxiii. “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.

- xxxiv. **“Share”** means equity share of the Company.
- xxxv. **“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.
- xxxvi. **“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.
- xxxvii. **“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.
- xxxviii. **“Vesting”** means the process by which the Option Grantee becomes entitled to receive the benefit of a Grant made to him/her in pursuance of the Plan.
- xxxix. **“Vesting Condition”** means any condition subject to which the Options granted would vest in an Option Grantee.
- xl. **“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, SBEB Regulations 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, vide their resolution dated June 26, 2024, approved the Plan authorizing the Company to Grant, in one or more tranches, a maximum of 3,16,459 (Three Lakh Sixteen Thousand Four Hundred and Fifty-Nine) Options, wherein each Option is convertible into one equity share of ₹10 each, with each such Option conferring a right upon the Employee to apply for one Share to be issued by the Company to such Employee, in accordance with the terms and conditions as may be decided under the Plan.

The Option pool was further increased by 4,00,000 Options vide shareholders' approval dated August 16, 2024, thus increasing the total Option pool from 3,16,459 (Three Lakh Sixteen Thousand Four Hundred and Fifty-Nine) Options to 7,16,459 (Seven Lakh Sixteen Thousand Four Hundred and Fifty-Nine) Options.

Thereafter, the Option pool was further increased by 4,00,000 Options vide shareholders' approval dated September 28, 2024, thus increasing the total Option pool from 7,16,459 (Seven Lakh Sixteen Thousand Four Hundred and Fifty-Nine) Options to 11,16,459 (Eleven Lakh Sixteen Thousand Four Hundred and Fifty-Nine) Options.

Subsequently, the equity shares of the Company were subdivided from a face value of ₹10/- each to ₹2/- each vide shareholders' approval dated October 17, 2024. Hence, the maximum number of Options that can be granted under the Plan is 55,82,295 Options, wherein each Option is convertible into one equity share of ₹2/- each.

- 3.2 The Option pool as mentioned in Clause 3.1 shall be excluding any Options which may be transferred from any other Employee Stock Option Plan.
- 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 Clause 3.1 and shall become available for future Grants in terms of this Plan, subject to compliance with all Applicable Laws.
- 3.4 Where Shares are issued consequent upon Exercise of Options under the Plan, the maximum number of Shares that can be issued under Plan as referred to in Clause 3.1 above shall stand reduced to the extent of such Shares issued.
- 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.

4. Implementation and Administration

- 4.1 The Plan shall be implemented through direct route for extending the benefits to the eligible Employees by the way of fresh allotment from the Company.

Provided that if prevailing circumstances so warrant, the Company may change the mode of implementation of the Plan subject to the condition that a fresh approval of the shareholders by a special resolution is obtained prior to implementing such a change and that such a change is not prejudicial to the interests of the Option Grantees.

- 4.2 The Company will allot fresh Shares to the Option Grantees upon valid Exercise of Options in accordance with terms and conditions of the Plan.
- 4.3 The Plan shall be administered by the Committee.
- 4.4 All questions of interpretation of the Plan or any Option granted thereunder shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Plan or in any Option granted thereunder.
- 4.5 The Committee shall in accordance with this Plan and Applicable Laws, inter-alia, determine the following:
- (a) the quantum of Options to be granted under the Plan per Employee and in aggregate, subject to the ceiling as specified in Clause 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 entitlement including adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall, inter-alia, be taken into consideration by the Committee:
 - (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 conditions under which Options, may vest in Employees and may lapse in case of termination of employment for misconduct;
 - (f) the Exercise Period within which the Option Grantee can exercise the Options and that Options would lapse on failure to exercise the same within the Exercise Period;
 - (g) the specified time period within which the Option Grantee shall Exercise the Vested Options in the event of termination or resignation;

- (h) the right of an Option Grantee to exercise all the Options, vested in him at one time or at various points of time within the Exercise Period;
- (i) the procedure for buy-back of specified securities issued under the Plan in accordance with the Applicable Laws, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
 - i. permissible sources of financing for buy-back;
 - ii. any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
 - iii. limits upon quantum of specified securities that the Company may buy-back in a financial year.

Explanation: Specified securities means as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

- (j) Approve forms, writings and/or agreements for use in pursuance of the Plan.
 - (k) Procedure for funding the exercise of Options
 - (l) To decide the Exercise Price
 - (m) To modify or accelerate the vesting schedule subject to the minimum and maximum vesting period
 - (n) Any other activity prescribed by any regulatory authority(ies) in future and Committee is authorized to take necessary action as per Applicable Laws.
- 4.6 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 Committee 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 Subject to availability of Options in the pool under the Plan, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant. The Committee may decide to Grant during any one year, such number of Options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) to any eligible Employee as the case may be, subject to the separate prior approval of the Shareholders in a general meeting.

5.3 Acceptance of the Grant

- (a) 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.
- (b) 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 Committee determines otherwise.

Provided that the Company may provide an option for electronically accepting a Grant through mode or medium, including via any third party platform or application as may be communicated in the letter of Grant.

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 Committee at its discretion from time to time.

Provided that the Eligibility Criteria for each Grant shall be based on one or more following attributes:

- i. The designation,
- ii. Grade/rating,
- iii. Period of service,
- iv. Work performance,
- v. Company’s overall performance,
- vi. Merit,
- vii. Contribution,
- viii. Conduct,
- ix. Future potential of the Employees
- x. And such other criteria as determined by the committee, from time to time.

6.2 This Plan applies only to Eligible Employees as selected by the Committee, 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 Committee may, at its discretion, Grant Options specifying Vesting Period ranging between minimum and maximum period as mentioned above.
- 7.2 Vesting of Options shall be subject to Option Grantee’s continuous employment with the Company or its Subsidiary Company (as the case may be). Accordingly, Options shall vest essentially on the passage of time. Unless otherwise determined by the Committee, the vesting schedule for each Grant shall be as follows:

Date of Vesting	Options to vest
1 st anniversary from date of grant	25% of Options granted
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

- 7.3 In addition to time-based vesting, the Committee may also specify performance criteria, subject to the satisfaction of which the Options shall vest. Such criteria may include (without limitation) one or more of the following:
 - a) An individual performance rating of at least “median” as on the relevant Vesting Date, as per the performance appraisal system of the Company.
 - b) Functional targets pertaining to the individual or the relevant department.
 - c) Any other condition(s) as may be determined by the Committee, depending on the specific role(s), including the weightages assigned to each parameter.
- 7.4 Provided further that in the event of death or permanent incapacity of an Option Grantee, the minimum Vesting Period shall not be applicable and in such instances, all the granted Options (whether vested or unvested) shall vest in the legal heirs or nominees of the deceased Option Grantee (in case of death) or Option Grantee (in case of permanent incapacity), with effect from date of the Death or Permanent incapacity.
- 7.5 For avoidance of doubt, vesting (other than as provided above) shall also be subject to the Option Grantee (i) not being under notice for termination of employment/service and (ii) not being subject to any disciplinary proceedings pending as on the relevant Vesting Date. Where disciplinary proceedings are pending on the Vesting Date, the relevant vesting shall be kept in abeyance until conclusion of such proceedings. If such proceedings conclude in favour of the Option Grantee, the Option Grantee shall be entitled to the vesting kept in abeyance (and such vesting shall occur as if there was no abeyance).
- 7.6 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.

8. Exercise

8.1 Exercise Price

- (a) The Exercise Price per Option shall be determined by the Committee, subject to a maximum discount of up to 10% (Ten percent) on the Market Price of the Shares on the Grant Date. However, the Exercise Price per Option shall not be less than the face value of the Share of the Company. Accordingly, Exercise price will be not less than 90% of Market price on Grant Date (and not below face value).
- (b) The specific Exercise Price shall be intimated to the Option Grantee in the Grant letter at the time of Grant.
- (c) 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 as the Committee may decide from time to time.
- (d) No amount shall be payable by the Option Grantee at the time of Grant or Vesting and hence no amount is required to be refunded / forfeited even if an Option Grantee 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) Provisions on exercisability of Options shall be determined as under:

S. No.	Event/Condition	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 Vesting. ¹	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 by the last working day. ²	All the Unvested Options as on date of resignation or termination shall lapse.

¹ For the Options granted prior to Listing, the Vested Options shall be exercisable within the Exercise Period of 5 years from the date of (i) Vesting, or (ii) Listing, whichever is later.

² For the Options granted prior to Listing, 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.

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 or Superannuation	All the Vested Options can be Exercised within a period of 1 (one) year from the date of Retirement/Superannuation. ³	All the Unvested Options as on date of Retirement/Superannuation shall vest as per Vesting schedule as originally prescribed even after date of Retirement/Superannuation and be exercisable in the manner specified for Vested Options unless otherwise determined by the Committee in accordance with the Applicable Laws.
5	Death	All the Vested Options as on date of death shall be vested and exercisable by the legal heir/nominee of such deceased Option Grantee within a period of 1 (One) year from the date of Death. ⁴	All the Unvested Options as on date of death shall vest immediately and be exercisable in the manner specified for Vested Options.
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 incurring of Permanent Incapacity. ⁵	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.

³ For the Options granted prior to Listing, the Vested options can be exercised within a period of 1 (one) year from the date of (i) Retirement/Superannuation or (ii) Listing, whichever is later.

⁴ For the Options granted prior to Listing, all the Vested Options as on date of death shall be Vested and exercisable by the legal heir/ nominee of such deceased Option Grantee within a period of 1 (One) year from the date of (i) Death, or (ii) Listing, whichever is later.

⁵ For the Options granted prior to Listing, 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.

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.

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

- (b) In the event that an Option Grantee is transferred or deputed to a Subsidiary Company or Associate Company prior to Vesting or Exercise of Options, the Vesting and Exercise of Options, as per the terms of Grant, shall continue even after such transfer or deputation.
- (c) In the event that an Option Grantee is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing Company, prior to the Vesting or Exercise, the treatment of Options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the Option Grantee.
- (d) After Vesting, Options can be exercised either wholly or partly at one point of time or various point of time, within the prescribed Exercise Period as per the discretion of the Option Grantee, subject to the terms of the grant as approved by the Committee, after submitting the Exercise Application as may be prescribed in due course along with payment of the Exercise Price, applicable taxes and other charges, if any.
- (e) Each Option on exercise will result in the allotment of one equity share of the Company.

8.3 Lapse of Options

The Vested Options not exercised within the respective Exercise Period prescribed in Clause 8.2 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.

9. Free transferability

- 9.1 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 if mandated under any Applicable Laws.
- 9.2 Subject to other provisions of the Applicable Laws, the Company shall list new Shares issued under the Plan on the recognized Stock Exchange(s).

10. Restriction on transfer of Options

- 10.1 The Employee Stock Options shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 10.2 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions at Clause 8.2 would apply.
- 10.3 No person other than the Employee to whom the Employee Stock Options is granted shall be entitled to Exercise the Employee Stock Options except in the event of the death of the Option Grantee holder, in which case provisions at Clause 8.2 would apply.

11. Lock-in of Shares

- 11.1 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.

12. Other Terms and Conditions

- 12.1 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 on Exercise of such Options.
- 12.2 If the Company issues bonus or rights Shares or any other corporate action as permissible under applicable law, 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 4.5(c) of Plan.
- 12.3 In case of any corporate action(s), a fair and reasonable adjustment shall be made to the benefits granted to the eligible Employee under the Plan. Accordingly, in case of any such corporate action(s), a fair and reasonable adjustment shall be made to the ceiling for Options provided above, and/or the Exercise Price and/or the exercise period and/or the vesting criteria as may be deemed appropriate by the Committee subject to compliance of the SBEB Regulations and other applicable law. In making such adjustments, the Committee shall ensure that the total value of Options granted (including the Options vested but not exercised) to the Employee remains the same after any such corporate action.

13. Deduction/Recovery of Tax

13.1 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.

13.2 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.

14. Malus/ Clawback

14.1 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 the management, the Committee 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 Committee deems invoking Malus and/or Claw back provision necessary and justified.

15. Authority to vary terms

15.1 The Committee/Board may make only administrative/procedural changes without shareholder approval; any material changes (including exercise price framework, re-pricing, maximum vesting/exercise periods, scheme size/dilution, expansion of eligibility, or any change that increases shareholder cost and/or dilution) will be implemented only after obtaining prior shareholder approval, as required under the Applicable Laws.

16. Miscellaneous

16.1 Regulatory Authority

This Plan shall be subject to all Applicable Laws, and approvals from applicable regulatory 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.

16.2 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.

16.3 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.

16.4 The rights granted to an Option Grantee upon the grant of an Option shall not entitle 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).

16.5 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.

16.6 The benefit granted under the Plan is equity shares underlying the Options granted to the eligible Employees.

16.7 The maximum quantum of benefits that will be available to every Option Grantee under the Plan will be the difference between the market price of Company's Share on the Recognized Stock Exchanges as on the Date of Exercise of Options and the Exercise Price paid by the Option Grantee.

17. Notices

17.1 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.

Provided that the Company may communicate electronically through a mode or medium which may include any third party platform or application.

17.2 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

18. Certificate from Secretarial Auditors

18.1 The Board shall at each annual general meeting place before the shareholders a certificate from the secretarial auditors of the Company confirming 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.

19. Nomination

19.1 The Option Grantee must nominate a person as his/her nominee. The nominee in case of death or legal incapacity of Option Grantee shall be the legal representative recognized by the Company as the inheritor of the Option Grantee in respect of all rights and liabilities for the purposes of this Plan.

20. Accounting and Disclosures

20.1 The Company shall comply with the requirements of IND – AS 102 or other rules/regulations for accounting of Employee Stock Options, as applicable and shall use Fair value method and the fair value of Options would be calculated as per the prescribed method under the applicable regulations.

However, in case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report.

20.2 Compensation cost will be booked in the books of account of the Company over the Vesting Period.

20.3 The Company shall comply with the disclosure requirements and accounting policies specified in the SBEB Regulations including as specified in Regulation 15.

21. Governing Laws

21.1 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.

21.2 Income Tax Laws

The provisions of the Income Tax Act, 2025 (erstwhile 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.

21.3 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.

22. Jurisdiction

22.1 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.

22.2 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.

23. Severability

23.1 In the event that any one or more of the provisions contained in this Plan are held to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect the other provisions of this Plan. The 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.

24. Confidentiality

24.1 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 Committee shall have the authority to deal with such cases as it may deem fit.

- 24.2 On acceptance of the grant of Option offered by the Company, it shall be deemed that as if the 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.