

2023-24 / MML / TAK / 38

**Certificate on ESOP Schemes**

To,

**Muthoot Microfin Limited**

13<sup>th</sup> Floor, Parinee Crescenzo  
Bandra Kurla Complex  
Bandra East, Mumbai 400 051  
Maharashtra, India

**ICICI Securities Limited**

ICICI Venture House  
Appasaheb Marathe Marg  
Prabhadevi, Mumbai 400 025  
Maharashtra, India

**Axis Capital Limited**

1 Floor, Axis House,  
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PB Marg, Worli,  
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Maharashtra, India

**JM Financial Limited**

7<sup>th</sup> Floor, Energy  
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Mumbai 400 025  
Maharashtra, India

**SBI Capital Markets Limited**

1501, 15<sup>th</sup> Floor Parinee Crescenzo,  
G Block, Bandra Kurla Complex, Bandra (East),  
Mumbai- 400051  
Maharashtra, India

(Collectively, with any other book running lead managers that may be appointed in connection with the Offer, the "**Book Running Lead Managers**")

**Re: Proposed initial public offering of equity shares of ₹ 10 each (the "Equity Shares") of Muthoot Microfin Limited (the "Company") and such offer (the "Offer").**



Dear Sir/Madam,

We, Sharp & Tannan Associates, Chartered Accountants, (Firm registration number: 109983W), Statutory Auditor of the Company, are issuing this certificate with respect to accompanying Annexure A comprising of information related to Muthoot Microfin Employee Stock Option Plan 2016 ("ESOP 2016") and Muthoot Microfin Limited Employee Stock Option Plan 2022 ("ESOP 2022") (collectively, the "Scheme(s)"). The purpose of this certificate is to determine whether the Scheme(s) is/are in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, issued by Securities and Exchange Board of India (collectively, the "ESOP Regulations"), as applicable.

### **Management's responsibility**

The preparation of the statement annexed to this certificate is the responsibility of the management of the Company including the preparation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation of internal control relevant to the preparation and presentation of the statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.

The Company is responsible for preparation of the restated financial statements of the Company, as of and for the Six month periods ended September 30, 2023 and September 30, 2022 and for the fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021, ("Restated financial statements") in accordance with the Companies Act, 2013, as amended (the "Companies Act") and Indian Accounting Standards prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 ("Ind AS") and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2016, as amended ("ICDR Regulations"). The Company is also responsible for the compliance of the Schemes with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, issued by Securities and Exchange Board of India (collectively, the "ESOP Regulations").

The Management is also responsible for ensuring compliance with the Guidance Note on accounting for share based payments and Ind AS 102 - Share based Payments issued by the Institute of Chartered Accountants of India ("ICAI") read with the rules made there under, other generally accepted accounting principles and the requirements of the ICDR Regulations.

### **Auditor's responsibility**

We have performed the following procedures:

- (i) Obtained and reviewed the details of Scheme(s), stated at Annexure B, prepared by the management of the Company and approved by the Board and Shareholders of the Company
- (ii) Read and compared the clauses of the Scheme(s) mentioned in Annexure A with the ESOP Regulations to ensure the compliance with ESOP Regulations;



- (iii) Read the resolutions passed for ESOP 2016 by the Board of Directors on November 23, 2016, September 11, 2021 & June 26, 2023 and resolutions passed by Shareholders on December 05, 2016, September 29, 2021, and June 26, 2023 for the same and for ESOP 2022 resolution passed by Board of Directors on May 10, 2022, & June 26, 2023 and resolutions passed by Shareholders on August 24, 2022 & June 26, 2023 noting the approval accorded to the Scheme(s) or the amendments thereto.
- (iv) Reviewed and examined the restated financial statements of the Company, as of and for the Six months period ended September 30, 2023 and September 30, 2022 and last three financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, prepared in accordance with the Companies Act, Ind AS and ICDR Regulations and have issued the examination report thereon.
- (v) Reviewed the minutes of the meetings of the Board of Directors and the duly organized committees thereof, including the nomination and remuneration committee, minutes of the Shareholders of the Company.
- (vi) Reviewed grant letter issued to employees pursuant to the grant of option.

We have conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India.

We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.

### Opinion

Based on the procedures performed by us as stated above, and the information and explanations given to us, we certify that the Scheme(s) are made in accordance and compliance with the ESOP Regulations.

The compliance of the Scheme(s) with the provisions of the ESOP Regulations is summarized as below:

| S. No.                                       | Regulation   | Status of Compliance |
|--|--|----------------------|
| <b>Employee Stock Option Scheme ("ESOS")</b> |  |                      |
| 1  | Regulation 4: Eligibility                                | Complied             |
| 2  | Regulation 5: Compensation Committee                     | Complied             |
| 3  | Regulation 6: Shareholders' Approval                     | Complied             |
| 4  | Regulation 7: Variation of terms of ESOS                 | Complied             |
| 5  | Regulation 9: Non transferability                        | Complied             |
| 6  | Regulation 13: Certificate from Auditors                 | Complied             |
| 7  | Regulation 14: Disclosures                               | Complied             |
| 8  | Regulation 15: Accounting Policies                       | Complied             |
| 9  | Regulation 17: Pricing                                   | Complied             |
| 10   | Regulation 18: Vesting period                            | Complied             |
| 11   | Regulation 19: Rights of the option holder               | Complied             |
| 12   | Regulation 20: Consequence of failure to exercise option | Complied             |





All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully,

For **Sharp & Tannan Associates,**  
Chartered Accountants  
Firm Registration No: 109983W



**Jittharaj Khot**  
**Partner**

Membership no.. (F) 037457  
Mumbai, December 11, 2023  
UDIN: 23037457BGYRPA1485

RAS

**Encl: As above**

Cc

**Cyril Amarchand Mangaldas**  
5<sup>th</sup> Floor, Prestige Falcon Tower  
19, Brundage Road, Off M.G. Road  
Bengaluru 560 025  
Karnataka, India

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Bengaluru, 560 001  
Karnataka, India

**MUTHOOT MICROFIN LIMITED**

Reg. Office: 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051

CIN: U65190MH1992PLC066228

# Annexure A



Muthoot Microfin Limited Employee Stock Option Plan 2022

Muthoot Microfin Limited

**MUTHOOT MICROFIN LIMITED**

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

- 1.1 This employee stock option plan shall be called the 'Muthoot Microfin Limited Employee Stock Option Plan 2022' (hereinafter referred to as "ESOP 2022"/ "Plan").
- 1.2 The primary objective of the Plan is to retain the key talents working with the Company (defined hereinafter) and its Group Company(ies) (defined hereinafter) including Associate Company(ies), Subsidiary Company(ies) and Holding Company(ies) (each defined hereinafter) by way of rewarding their high performance and motivating them to contribute to the overall corporate growth and profitability of the Company. The Company views Options (defined hereinafter) as long-term incentive tools that would enable the Employees (defined hereinafter) not only to become co-owners, but also to create wealth out of such ownership in future.
- 1.3 The Plan is established with effect from 24.08.2022 on which the shareholders of the Company have approved the Plan and it shall continue to be in force until (i) its termination by the Committee as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for issuance under the Plan have been issued and Exercised (defined hereinafter) or have lapsed or have been cancelled by the Committee (defined hereinafter) and the Committee does not intend to re-Grant (defined hereinafter) the said lapsed or cancelled Options, whichever is earlier.

**2. Definitions and Interpretation**

**2.1 Definitions**

- i. "Applicable Law" means every rule, regulation or law relating to employee stock options by whatever name called, including, without limitation, the Companies Act (including any enactment or re-enactment thereof) and rules framed thereunder, Securities and Exchange Board of India Act, 1992, SEBI (SBEB & SE) Regulations, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 and all relevant tax, securities, exchange control or corporate laws of India or of any relevant jurisdiction or of any Stock Exchange on which the Shares are listed or quoted.
- ii. "Associate Company" shall have the same meaning as defined under section 2(6) of the Companies Act.
- iii. "Board" means the Board of Directors of the Company including any duly constituted committee as the context requires.
- iv. "Committee" means the Nomination and Remuneration Committee of the Board, as constituted, or reconstituted from time to time under Section 178 of the Companies Act entrusting supervision and administration of Plan. Provided that post Listing, the Committee shall be constituted as required under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- v. "Companies Act" means the Companies Act, 2013 read with rules issued thereunder from time to time and includes any statutory modifications or reenactments thereof.



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- v. "Company" means "Muthoot Microfin Limited", a company registered in India under the provisions of the Companies Act, 1956 having CIN: U65190MH1992PLC066228 and having its registered office at 13<sup>th</sup> Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051. Provided where the context so requires, the term Company shall include the Holding Company, Subsidiary Company, Associate Company and Group company.
- vi. "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.
- vii. "Director" means a member of the Board of the Company.
- viii. "Eligibility Criteria" means the criteria such as tenure, designation and the appraisal, ratings or any other criteria as may be determined from time to time by the Committee for Granting the Options to the Employees.
- ix. "Employee" means
- A. Until the Listing of the Company:
- (i) a permanent employee of the Company working in India or out of India; or
- (ii) a Director of the Company, whether a whole time Director or not;
- (iii) an employee, as defined in sub-clauses (i) or (ii) in this para, of a Subsidiary Company, in India or outside, or of a Holding Company;

**but excludes**

- a. an employee who is a Promoter or belongs to the Promoter Group;
- b. a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% (ten percent) of the Issued and subscribed Shares of the Company; and
- c. a Director being an Independent Director.

**B. Post Listing of the Company:**

- (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 but excluding an Independent Director; or
- (iii) an employee as defined in sub-clauses (i) or (ii) above, of a Group company including Subsidiary or its Associate Company, in India or outside India, or of a Holding Company of the Company.

**but excludes**

- a. an employee who is a Promoter or belongs to the Promoter Group;
- b. a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% (ten percent) of the outstanding equity Shares of the Company.



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- x. **"Exercise"** of an Option means expression of an intention, in writing, by an Option Grantee to the Company to purchase 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. The term "Exercise" and "Exercised" shall be construed accordingly.
- xi. **"Exercise Period"** means the time period which is 4(four) years from the date of Vesting within which the Employee may Exercise the right to apply for the Shares against the Vested Options, in accordance with the terms of the Plan.
- xii. **"Exercise Price"** means the price payable by an Option Grantee in order to Exercise the Options Granted to him in pursuance of the Plan determined as per provisions of sub-clause 8.1 of the Plan. Provided that the Exercise Price shall be in compliance with the accounting standards as specified under the SEBI (SBEB & SE) Regulations, including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.
- xiii. **"Grant"** means the process by which the Company issues Options to the Employees under the Plan. The term "Granted" and "Granting" shall be construed accordingly.
- xiv. **"Grant Letter"** means the letter issued by the Company, whether in physical or electronic mode, intimating the Employee, *inter alia*, of the Options Granted, along with details as regards Vesting and Exercise of Options.
- xv. **"Group"** shall have the same meaning assigned to it under the SEBI (SBEB & SE) Regulations;
- xvi. **"Holding Company"** shall have the same meaning as defined under the Companies Act;
- xvii. **"Independent Director"** means a Director within the meaning of Section 149(6) of the Companies Act and post Listing, will be as determined under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xviii. **"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. Listing, whereby the Shares of the Company get listed on any recognized Stock Exchange in terms of provisions of sub-clause 9.1 of the Plan; and
  - b. any other event, which the Committee may designate as a Liquidity Event for the purpose of the Plan.
- xix. **"Listing"** means listing of the Company's Shares on any recognized Stock Exchange in India which includes listing of Shares pursuant to initial public offering of Shares as per Applicable Laws.
- xx. **"Misconduct"** shall include negligence, fraud, professional misconduct, breach of trust, moral turpitude, committing or abetting any illegal activity, violating any Company Policies/Terms of Employment or any other applicable code of conduct, absence from office for a substantial period of time without any valid reason or authority, or any other



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actions or circumstances of similar nature as may be decided by the Committee in its absolute discretion.

- xxi. "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.
- xxii. "Option Grantee" means an Employee who has been Granted an Option in pursuance of the Plan and having a right but not an obligation to Exercise the Options and shall deem to include nominee/ legal heir of such Option Grantee in case of death of Option Grantee to the extent provisions of the Plan is applicable.
- xxiii. "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 Committee based on a certificate of a medical expert identified by the Committee.
- xxiv. "Plan" shall have the meaning ascribed to it in clause 1.1 above.
- xxv. "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** upon Listing, the term "Promoter" shall have meaning as defined in the SEBI ICDR Regulations;

- xxvi. "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 further that** upon Listing, the term "Promoter Group" shall have meaning as defined in the SEBI ICDR Regulations.

- xxv. "Retirement" means retirement as per the applicable rules of the Company.
- xxvii. "SEBI ICDR Regulations" means Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
- xxviii. "SEBI (SBEB & SE) Regulations" means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended from time to time read with all circulars and notifications issued thereunder;



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- xxix. **"Secondary Acquisition"** means acquisition of existing Shares by the Trust, on a delivery basis, on a recognized stock exchange for cash consideration.
- xxx. **"Shares"** means equity shares of the Company of face value of Rs. 10 (Ten) each fully paid-up including the equity shares arising out of the Exercise of Options Granted under the Plan.
- xxxi. **"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 in future.
- xxxii. **"Subsidiary Company"** means any present or future Subsidiary Company of the Company, as defined in the Companies Act.
- xxxiii. **"Trust"** means MML Employee Welfare Trust set up by the Company, for the administration of the employee stock option plans of the Company and which may, from time to time, facilitate the implementation of the Plan and hold cash, shares or other securities of the Company for the purposes of any of the employee stock option plans of the Company implemented from time to time in accordance with Applicable Laws.
- xxxiv. **"Trustee"** means trustee of the Trust.
- xxxv. **"Unvested Option"** means an Option in respect of which the relevant Vesting Conditions or Vesting Period have not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Option.
- xxxvi. **"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.
- xxxvii. **"Vesting"** means earning by the Option Grantee, of the right to Exercise the Options Granted to him in pursuance of the Plan. The term 'Vest' or 'Vested' shall be construed accordingly.
- xxxviii. **"Vesting Condition"** means any condition subject to which the Options Granted would Vest in an Option Grantee.
- xxxix. **"Vesting Period"** means the period during which the Vesting of the Option granted to the Employee, in pursuance of the Plan takes place. Provided that, post Listing of the Company, in case of death or Permanent Incapacity, the minimum vesting period of 1 (one) year shall not apply.

## 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;



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- (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 in the Plan shall for the purposes of the Plan have the meanings herein specified; and
- (g) words / phrases and expressions used and not defined here but defined in the SEBI (SBEB & SE) Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

**3. Authority and Ceiling**

- 3.1 The shareholders by way of special resolution dated 24.08.2022 have authorized the Committee to issue to the Employees, such number of Options under the ESOP 2022 as would be exercisable into not more than 26,66,647 (Twenty Six Lakhs Sixty Six Thousand Six Hundred and Forty Seven) fully paid-up equity shares in the Company, in aggregate, of face value of Rs.10/- (Rupees ten) each, to be acquired /purchased through Secondary Acquisition, at such Exercise Price, in one or more tranches and on such terms and conditions, as may be determined by the Committee in accordance with the provisions of this Plan. Each Option when exercised will be Exercisable into 1 (one) Share of the Company.
- 3.2 The maximum number of Options that may be granted to an Employee shall vary depending upon the eligibility criteria such as tenure, designation and the appraisal, ratings; however, it shall not exceed 10,00,000 Options per eligible Employee. The Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to an Employee within this ceiling.
- 3.3 The Trust is entitled to acquire, hold or otherwise deal in not exceeding 26,66,647 (Twenty Six Lakhs Sixty Six Thousand Six Hundred and Forty Seven) Shares through Secondary Acquisition under ESOP 2022.
- 3.4 The shareholders by way of special resolution dated 24.08.2022 have approved the proposal for sanction of an interest free loan of Rs.\_\_\_\_(\_\_\_\_) by the Company to the Trust. This proposed amount of loan is within the statutory limit of 5% (five percent) of the aggregate of paid-up share capital and free reserves as per latest audited accounts of the Company as prescribed under Companies Act.
- 3.5 If the number of Options that may be offered to any specific Employee, during any 1 (one) year, exceeds 1% (one percent) or more of the Issued capital (excluding warrants & conversion) of the Company at the time of Grant of Options, then the Company shall obtain prior approval from shareholders of the Company in accordance with Applicable Laws.
- 3.6 The Company shall take prior approval from the shareholders of the Company by way of a special resolution to Grant Options to the Employees of the Subsidiary(ies), or Associate Company(ies), or a company belonging to the same Group as the Company.



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- 3.7 If an Option expires, lapses or becomes un-exercisable due to any other reason, it shall be brought back to the Options pool as mentioned in Sub-clause 3.1 of the Plan and shall become available for future Grants, subject to compliance with all Applicable Laws.
- 3.8 The Trust may, subject to the Applicable Laws, acquire Shares through Secondary Acquisition for the purposes of implementing the Plan subject to the limits and conditions specified and the other provisions contained in the SEBI (SBEB & SE) Regulations
- 3.9 The Trust shall utilize the Shares of the Company acquired/ for the purpose of transferring them to the Grantees, upon Exercise/ Vesting, in case of units subject to Applicable Laws. No fresh shares shall be issued by the Company either to the Trust or to the Grantee under the Plan.
- 3.10 Where Shares transferred by the Trust, consequent upon Exercise of Options under the ESOP 2022, the maximum number of Shares that can be transferred under ESOP 2022 as referred to in Clause 3.1 of the Plan above shall stand reduced to the extent of such Shares transferred.
- 3.11 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 the 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 the Plan would be (Shares reserved at sub-clause 3.1 x 2) Shares of Rs. 5 each. Similarly, in case of bonus issue, etc. the available number of Shares under the Plan shall be revised to restore the value

**4. Administration**

- 4.1 The Plan shall be implemented through the Trust, and the Committee shall in compliance with the SEBI (SBEB & SE) Regulations, delegate the administration of the Plan to the Trust to the extent set out in the Plan. Neither the Company nor the Trust/Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Options Granted thereunder
- 4.2 The Committee shall in accordance with this Plan and Applicable Laws determine the following:
- (a) The quantum of Option to be Granted under the ESOP 2022 per Employee, and in aggregate under the Plan, subject to the ceiling as specified in Sub-clause 3.1;
  - (b) The Eligibility Criteria for Grant of Option to the Employees;
  - (c) The Exercise Period within which the Option Grantee should Exercise the Options and that Options would lapse on failure to Exercise the Option within the Exercise Period;
  - (d) The specified time period within which the Option Grantee shall Exercise the Vested Option in the event of termination of employment or resignation of an Option Grantee;
  - (e) The right of an Employee to Exercise all the Options Vested in him at one time or at various points of time within the Exercise Period;



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- (f) The procedure for making a fair and reasonable adjustment to the number of Options and/or 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 Committee:
- (i) the number and the Exercise Price of Options shall be adjusted in a manner such that the total value of the Options remains the same before and after such corporate action; and
  - (ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees.
- (g) The procedure and terms for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave;
- (h) The conditions under which Options may Vest (time, performance and/or milestones), and the conditions under which Vested Options may lapse including in case of termination of employment for Misconduct;
- (i) The procedure for cashless Exercise of Option, if required;
- (j) The procedure for funding the Exercise of Options;
- (k) The procedure for implementation of ESOP 2022 through such Trust;
- (l) The procedure for buy-back of specified securities issued under SEBI (SBEB & SE) Regulations. If to be undertaken at any time by the Company, and the applicable terms and conditions, including:
- (i) permissible sources of financing for buy-back;
  - (ii) any minimum financial thresholds to be maintained by the company as per its last financial statements; and
  - (iii) limits upon quantum of specified securities that the Company may buy-back in a financial year

Explanation – 'specified securities' mean as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

- (m) Approve forms, writings and/or agreements for use in pursuance of the Plan.
- (n) Frame any other byelaws, rules or procedures as it may deem fit for administering ESOP 2022.
- (o) Decide all other matters that must be determined in connection with an Option under the ESOP 2022.
- 4.3 In connection with Listing, the Committee shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time) and (c) any other applicable regulations as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Company and any Employee, as applicable.





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**5. Eligibility and Applicability**

5.1 Only Employees within the meaning of this Plan are eligible for being Granted Options under the Plan. The specific Employees to whom the Option would be Granted and their Eligibility Criteria shall be determined by the Committee. The Committee shall intimate the Trustees in writing as to the number of units that have been Granted to each eligible Employee specifying therein the Grant date, number of units Granted, Vesting Date(s), Exercise Period and the Exercise Price.

5.2 The Plan shall be applicable to the Company, its Group Company(ies) In or outside India, and any successor Company thereof and may be Granted to the Employees of the Company, or of its Group Company(ies), as determined by the Committee at its sole discretion.

5.3 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 Committee at its sole discretion, from time to time.

**6. Grant and Acceptance of Grant**

**6.1 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, including (but not limited to) the following

- (i) Number of Options;
- (ii) Vesting Conditions;
- (iii) Vesting Schedule;
- (iv) Exercise Price;
- (v) Exercise conditions; and
- (vi) Disclosure requirements under Applicable Laws.

**6.2 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 Grant Letter 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 Grant Letter. On receipt by the Company of the signed acceptance, the eligible Employee will become an Option Grantee.

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

**7. Vesting Schedule and Vesting Conditions**

7.1 Options Granted under the 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, as decided by the Committee and set out in the Grant Letter. The Committee at its discretion may Grant Option specifying Vesting Period ranging from minimum and maximum period as afore-stated



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**Provided that** In case where Options are Granted by the Company under the Plan in lieu of Option held by a person under a similar plan in another company ("Transferor Company") which has merged or amalgamated with the Company, the period during which the Option Granted by the Transferor Company were held by him shall be adjusted against the minimum Vesting Period required under this sub-clause.

**Provided further that** posting the Listing, in the event of death or Permanent Incapacity / disability, the minimum Vesting Period of 1 (one) year shall not be applicable and in such instances, the Options shall Vest on the date of death or Permanent Incapacity / disability, as the case may be.

7.4 As a prerequisite for a valid Vesting, an Option Grantee is required to be in employment or service of the Company, including Group Company(ies) on the date of Vesting and must neither be serving his notice for termination of employment/ service, nor be subject to any ongoing disciplinary proceedings against him on the such date of Vesting. In addition to this, the Committee may also specify certain performance criteria subject to satisfaction of which the Options would Vest.

7.5 The specific Vesting Conditions subject to which Vesting would take place shall be communicated to each Option Grantee individually in the Grant Letter issued at the time of Grant.

**7.6 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 Option Grantee 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 Committee.

**7.7 Acceleration of Vesting in certain cases**

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

- (a) The Committee shall have the power to accelerate Vesting of any or all Unvested Options in connection with happening of Liquidity Event.
- (b) The Options remaining unvested as on date of meeting of the Committee considering the proposal for such acceleration, may at the discretion of the Committee be deemed to Vest with effect from that date or from such other date as the Committee may determine.
- (c) In case, after approval of acceleration of Vesting of Unvested Options by the Committee, there occurs no Liquidity Event, on consideration of which Committee would have approved such acceleration, such non-occurrence shall lead to automatic cancellation of such accelerated Vesting as if such proposal was never considered nor approved by the Committee as a result of which such Unvested Options shall be subject to normal Vesting schedule.
- (d) Prior to the Listing, in the event an Option Grantee is transferred or deputed to the Holding Company or Subsidiary Company prior to Vesting or Exercise, the



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Vesting and Exercise as per the terms of Grant shall continue in case of such transferred or deputed Option Grantee even after the transfer or deputation. Post the Listing, in the event an Option Grantee is transferred or deputed to the Holding Company, an Associate Company or Subsidiary Company or any company in the Group prior to Vesting or Exercise, the Vesting and Exercise as per the terms of Grant shall continue in case of such transferred or deputed Option Grantee even after the transfer or deputation.

**8. Exercise**

**8.1 Exercise Price**

- (a) The Exercise Price per Option shall be determined by the Committee which shall not be lesser than the face value of the Share as on date of Grant of such Option. The specific Exercise Price shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.
- (b) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Committee may decide from time to time.
- (c) On Exercise of Vested Options by the Grantee, the Trust shall transfer the Shares into the demat account of the Grantee
- (d) Subject to Applicable Laws, the Company may fund or permit the empanelled stock brokers to make suitable arrangements to fund the Option Grantee for payment of Exercise Price, the amount necessary to meet his tax obligations and other related expenses pursuant to Exercise of Options granted under the Plan and such amount shall be adjusted against the sale proceeds of some or all the Shares of such Option Grantee.

**8.2 Exercise Period**

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

Subject to clause 8.2(b) of the Plan, the Vested Options can be exercised by the Option Grantees only in connection with or upon happening of a Liquidity Event or within such period as prescribed by the Committee in this regard. However, the Vested Options will have to be Exercised by the Option Grantee within the Exercise Period.

**(b) Exercise in case of separation from employment/ service:**

The Vested Options can be exercised by the Option Grantee as under:

| S. No | Events of separation | Vested Options | Unvested Options |
|-------|----------------------|----------------|------------------|
|-------|----------------------|----------------|------------------|



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|   |   |  |   |
|---|---|--|---|
| 1 | <b>Resignation /<br/>termination</b><br><br>(other than due to<br>Misconduct) | All the Vested Options as on the date of resignation can be Exercised by the Option Grantee within his/her last working day.                                 | All the Unvested Options as on date of resignation shall stand cancelled with effect from date of such resignation.   |
| 2 | <b>Termination due to<br/>Misconduct</b>                                      | 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 | <b>Retirement</b>   | All the Vested Options as on date of Retirement can be exercised by the Option Grantee within his/her last working day.                                      | All Unvested Options on the date of Retirement shall stand cancelled with effect from date of Retirement.<br><br>The Unvested Options shall continue to Vest in accordance with the Company's policies and Applicable Laws.   |
| 4 | <b>Death</b>  | All the Vested Options as on date of death can be Exercised by his/her nominee or legal heir within 6 months from the date of death.                         | All the Unvested Options as on the date of death shall be deemed to vest immediately and may be Exercised as per provisions applicable for Vested Options.<br><br>Further, the Company shall formulate appropriate policy in accordance with Applicable Laws, as regards the Options Granted, in case of death of the Option Grantee. |
| 5 | <b>Permanent<br/>Incapacity</b>   | All the Vested Options as on date of Permanent Incapacity can be exercised by the Option Grantee within 6 months from the date of such Permanent Incapacity. | All the Unvested Options as on the date of incurring such disability shall be deemed to vest immediately and may be Exercised as per provisions   |



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|   |  |   |  |
|---|--|---|--|
|   |  |   | applicable for Vested Options.<br><br>Further, the Company shall formulate appropriate policy in accordance with Applicable Laws, as regards the Options Granted, in case of Permanent Incapacity of the Option Grantee. |
| 6 | <b>Abandonment of employment</b>                                   | All the Vested Options shall stand cancelled/lapsed/expired with effect from such date as determined by the Committee.                                  | All Unvested Options shall stand cancelled with effect from such date as determined by the Committee.  |
| 7 | <b>Termination due to reasons apart from those mentioned above</b> | All the Vested Options as on date of such termination shall stand cancelled unless otherwise decided by the Committee and such decision shall be final. | All Unvested Options on the date of such termination shall stand cancelled unless otherwise required by Applicable Laws  |

- (e) If the Exercise of Options within the Exercise Period is prevented by any Applicable Law, till such time Exercise is prohibited, the Company shall not be liable to pay any compensation or similar payment to the Option Grantee for any loss suffered on account thereof. However, Committee shall have the right to vary the terms of the Grant to the extent permissible under the Applicable Law, to make the Exercise of Options compliant with Applicable Law. Further, the Committee is authorized to determine blackout period where Option Grantee may not exercise the Options when the Company is in the process of listing.

**8.3 Procedure of Exercise**

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

**9. Exercise in case of Liquidity Events:****9.1 Listing or an Initial Public Offering**

Post Listing of the Shares of the Company on a Stock Exchange, Option Grantee can sell Shares in the secondary market or otherwise any time in accordance with Applicable Laws and Company Policies, subject to any restriction on the transferability of Shares as per Applicable Laws.



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**10. Right to prescribe for cashless Exercise of Options**

Notwithstanding anything contained in the foregoing provisions relating to Exercise of Options but subject to Applicable Laws, the 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 Trust or any person nominated by the Company to deal with the Options on the Option Grantees' behalf till the realization of sale proceeds.

**11. Listing**

Upon Listing, the Option Grantee or his nominee/ legal heirs, where 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.

**12. Lapse of Options**

The Vested Options not Exercised within the respective Exercise Periods prescribed in Sub-clauses of Clause 8 of the Plan 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.

**13. Lock-in of Shares**

The Shares arising out of Exercise of Vested Options would not be subject to any lock-in period after such Exercise except such restrictions as prescribed under the Applicable Laws.

**Provided that** the Shares allotted on such Exercise can be traded only in compliance with the terms of code of conduct for prevention of insider trading of the Company Framed under Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

**14. Restriction on transfer of Options**

14.1 The Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner

14.2 Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions of Sub-clause 8.2(b) of the Plan would apply.

14.3 No person other than the Employee to whom the Option is Granted shall be entitled to Exercise the Option except in the event of the death of the Option Grantee, in which case provisions of sub-clause 8.2(b) of the Plan would apply.

**15. Other Terms and Conditions**

15.1 In case of Listing, the Committee 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 including imposition of lock-in restrictions for certain classes of Employees.



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- 15.2 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 on Exercise of such Option
- 15.3 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 Option and becomes a registered holder of the Shares of the Company.
- 15.4 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 sub-clause 4.2(f) of the Plan.

**16. Deduction/Recovery of Tax**

- 16.1 The liability of paying taxes, if any, in respect of Options Granted pursuant to this Plan and the Shares issued pursuant to Exercise thereof shall be entirely on Option Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees of Company working abroad, if any.
- 16.2 The Company shall have the right to deduct from the Employee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 16.3 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.

**17. Authority to vary terms**

Subject to the prior approval of the shareholders of the Company and Applicable Laws, the Committee may, if it deems necessary, vary the terms of the Plan, including pursuant to meeting any regulatory requirements, for the purpose of efficient implementation and administration of the Plan.

**Provided that** no such variation shall have detrimental effect to the interest of the existing Option Grantees.

**Provided further that**, post the Listing, the Board or the Committee may revise any of the terms and conditions of this Plan to meet any regulatory requirement without seeking shareholders' approval.

**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.



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

**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:
- (a) Sending communication(s) to the address of the Option Grantee available in the records of the Company; and/ or
  - (b) Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; and/ or
  - (c) 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 ESOP 2022 shall be sent to the address mentioned below:

Designation : **Company Secretary and Compliance Officer**

Address : **Muthoot Microfin Limited**

05<sup>th</sup> Floor, Muthoot Towers, M.G Road, Kochi 682035

E-mail : **info@muthootmicrofin.com**

**20. Nomination**





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The Employee has to 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.

**21. Accounting and Disclosures**

21.1 The Company shall follow the rules/regulations applicable to accounting of Options with reference to fair value as on date of Grant.

21.2 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 any 'Guidance Note on Accounting for employee share-based payments' issued in that regard from time to time and comply with the disclosure requirements prescribed therein, in compliance with relevant provisions of SEBI (SBEB & SE) Regulations. .

20.3 Upon Listing, the Company will also make the necessary disclosures under the SEBI (SBEB & SE) Regulations at the time of Grant, including as provided in Part G of Schedule I of the SEBI (SBEB & SE) Regulations.

**22. Governing Laws**

22.1 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.

**22.2 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.

**22.3 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 Granting, Vesting, Exercise of Options and allotment of Shares thereof.

**23. Jurisdiction and Dispute Resolution**

23.1 All disputes arising out of or in connection with this Plan or the Grant, Vesting or Exercise shall be referred for arbitration to a sole arbitrator (not being an employee) to be appointed by the Committee with the consent of the Option Grantee. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. In force at the relevant time. The place of Arbitration shall be Kochi, India and the proceedings shall be conducted in English. The costs of the arbitration shall be borne by the parties to the dispute in such manner as the arbitrator shall direct in their arbitral award.

23.2 Subject to clause 23.1 of the Plan, the Courts in Kochi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Plan.



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- 23.3 Nothing in this Sub-clause will however limit the right of the Company to bring proceedings against any Employee in connection with this Plan:
- (a) in any other court of competent jurisdiction; or
  - (b) con-currently in more than one jurisdiction.

**24. 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 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.

**25. Confidentiality**

- 25.1 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 peers, 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

- 25.2 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.

**26. Special Provisions Prior to Listing**

- 26.1 Company shall not make any fresh Grant under the Plan unless the Plan is ratified by its shareholders subsequent to the IPO.
- 26.2 Terms of such Grant under the Plan cannot be varied without the prior approval of the shareholders is taken for such a change, except for any adjustments for corporate actions made as under the SEBI (SBEB & SE) Regulations.
- 26.3 For Listing of Shares Issued pursuant to the Plan, the Company shall obtain the in-principle approval of the stock exchanges where it proposes to list the said Shares.

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

**THOMAS  
MUTHOOT**

Digitally signed by  
THOMAS MUTHOOT  
Date: 2023.06.30  
08:41:25 +05'30'





## Employee Stock Option Plan 2016

**Muthoot Microfin Limited**

**Muthoot Microfin Limited**

13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai- 400051

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## Muthoot Microfin Limited

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

- 1.1 This Employee Stock Option Plan shall be called the 'Muthoot Microfin Employee Stock Option Plan 2016' (hereinafter referred to as "**ESOP 2016**" / "**Plan**")
- 1.2 The objective of the ESOP 2016 is to reward Employees (*defined hereinafter*) for their association with the Company (*defined hereinafter*) and its Group Company(ies) (*defined hereinafter*) including Associate Company(ies), Subsidiary Company(ies) and Holding Company(ies) (*each defined hereinafter*), their performance as well as to attract, retain, reward and motivate Employees (*defined hereinafter*) to contribute to the growth and profitability of the Company. The Company views this ESOP 2016 as an Instrument that would enable sharing the value with the Employees which they create for the Company in the years to come.
- 1.3 The ESOP 2016 is established with effect from December 5, 2016 on which the shareholders have approved the ESOP 2016 by way of a special resolution and shall continue to be in force until (i) its termination by the Company as per provisions of Applicable Laws (*defined hereinafter*), or (ii) the date on which all of the Options (*defined hereinafter*) available for issuance under the ESOP 2016 have been issued and exercised or have lapsed or have been cancelled by the Committee (*defined hereinafter*) and the Committee does not intend to re-grant the said lapsed or cancelled Options, whichever is earlier.
- 1.4 The Committee as authorized may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2016.

### 2. Definitions and Interpretation

#### 2.1 Definitions

- i. "Applicable Law" means every rule, regulation or law relating to employee stock options by whatever name called, including, without limitation, the Companies Act, 2013 (including any enactment or re-enactment thereof) and rules framed thereunder, Securities and Exchange Board of India Act, 1992, SEBI (SBEI & SE) Regulations, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 and all



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- relevant tax, securities, exchange control or corporate laws of India or of any relevant jurisdiction or of any stock exchange(s) on which the Shares are listed or quoted.
- ii. "Associate Company" shall have the same meaning as defined under section 2(6) of the Companies Act.
- iii. "Board" means the Board of Directors of the Company including any duly constituted committee as the context requires.
- iv. "Committee" means the Nomination and Remuneration Committee of the Board, as constituted, or reconstituted from time to time under Section 178 of the Companies Act entrusting supervision and administration of Plan. Provided that post Listing, the Committee shall be constituted as required under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- v. "Companies Act" means the Companies Act, 2013 read with rules issued thereunder from time to time and includes any statutory modifications or reenactments thereof.
- vi. "Company" means "Muthoot Microfin Limited" a Company registered under the provisions of the Companies Act, 1956 having CIN: U65190MH1992PLC066228 and having its registered office at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai- 400051. Provided where the context so requires, the term Company shall include the Holding Company, Subsidiary Company, Associate Company and Group company.
- vii. "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.
- viii. "Director" means a member of the Board of the Company.



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- ix. "Eligibility Criteria" means the criteria such as tenure, designation and the appraisal, ratings or any other criteria as may be determined from time to time by the Committee for Granting Options to the Employees.
- x. "Employee" means
- A. Until the Listing of the Company
- (i) a permanent employee of the Company working in India or out of India; or
- (ii) a Director of the Company, whether a whole time Director or not; or
- (iii) an employee, as defined in sub-clauses (i) or (ii) in this para. of a Subsidiary Company, in India or outside or of a Holding Company of the Company;
- but excludes
- a. an employee who is a Promoter or belongs to the Promoter Group, or
- b. a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% (ten percent) of the issued and subscribed Shares of the Company; and
- c. a Director being an Independent Director
- B. Post Listing of the Company
- (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 but excluding an Independent Director; or
- (iii) an employee as defined in sub-clauses (i) or (ii) above, of a Group company including Subsidiary or its Associate Company, in India or outside India, or of a Holding Company of the Company,
- but excludes
- a. an employee who is a Promoter or belongs to the Promoter Group;
- b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% (ten percent) of the outstanding equity Shares of the Company.
- xi. "ESOP 2016/Plan" means the Muthoot Microfin Employee Stock Option Plan 2016 under which the Company is authorized to Grant Options to the Employees.





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- xii. "Exercise" of an Option means expression of an intention, in writing, by an Option Grantee to the Company to purchase the Shares underlying the Options Vested In him, In pursuance of the ESOP 2016, in accordance with the procedure laid down by the Company for Exercise of Options. The term "Exercise" and "Exercised" shall be construed accordingly.
- xiii. "Exercise Period" means such period commencing after Vesting within which Vested Options may be exercised by an Option Grantee.
- xiv. "Exercise Price" means the price payable by an Option Grantee In order to Exercise the Vested Options granted to him In pursuance of the ESOP 2016 determined as per provisions of sub-clause 7.1 of the Plan. Provided that the Exercise Price shall be in compliance with the accounting standards as specified under the SEBI (SBE& SE) Regulations, including any 'Guidance Note on Accounting for employee share-based Payments' Issued in that regard from time to time.
- xv. "Fair Market Value" means (i) for grants prior to IPO, the value of a Share of the Company as determined by an independent valuer or by any other valuer as required under Applicable Laws for the time being in force appointed by the Company' and (ii) for Grants post IPO, the latest available closing price, prior to the date of meeting of the Board, in which Options are Granted, on the stock exchange. In case Shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.
- xvi. "Grant" means issue of Options to the Employees under the ESOP 2016. The term "Granted" and "Granting" shall be construed accordingly.
- xvii. "Grant Letter" means the letter issued by the Company, whether In physical or electronic mode, intimating the Employee, inter alia, of the Options Granted, along with details as regards Vesting and Exercise of Options.
- xviii. "Group" shall have the same meaning assigned to it under the SEBI (SBE& SE) Regulations;
- xix. "Holding Company" means any present or future holding company of the Company, as per the provisions of the Companies Act, 2013.



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- xx. "Independent Director" means a Director within the meaning of Section 149(6) of the Companies Act and post Listing, will be as determined under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- xxi. "Liquidity Event" shall mean any of the following:
- (i) Listing, whereby the Shares of the Company get listed on any recognized stock exchange in India; and
  - (ii) Any other event, which the Committee may designate as a Liquidity Event for the purposes of the ESOP 2016.
- xxii. "Listing" means listing of the Company's Share on any recognized stock exchange which includes listing of Shares pursuant to Initial public offering of Shares as per Applicable Laws
- xxiii. "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.
- xxiv. "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.
- xxv. "Option Grantee" means an Employee who has been Granted an Option in pursuance of the ESOP 2016 and having a right but not an obligation to Exercise the Options and shall deem to include nominee/ legal heir of such Option Grantee in case of death of Option Grantee to the extent provisions of the Plan is applicable.
- xxvi. "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 Committee based on a certificate of a medical expert identified by the Committee.



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

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

Provided further that upon Listing, the term "Promoter" shall have the meaning as defined in the SEBI ICDR Regulations

- xxviii. "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 further that upon Listing, the term "Promoter Group" shall have the meaning as defined in the SEBI ICDR Regulations.

- xxix. "Retirement" means retirement as per the applicable rules of the Company

- xxx. "SEBI ICDR Regulations" means Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.

- xxxi. "SEBI (SBEES & SE) Regulations" means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended from time to time read with all circulars and notifications issued thereunder.

- xxxii. "Secondary Acquisition" means acquisition of existing Shares by the Trust, on a delivery basis, on a recognized stock exchange for cash consideration



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- xxxiii. "Shares" means equity shares of the Company of face value of Rs. 10 (ten) each fully paid-up including equity shares arising out of the Exercise of Options granted under the ESOP 2016.
- xxxiv. "Trust" means the MML Employee Welfare Trust set up by the Company, for the administration of the employee stock option plans of the Company and which may, from time to time, facilitate the implementation of the Plan and hold cash, shares or other securities of the Company for the purposes of any of the employee stock option plans of the Company implemented from time to time in accordance with Applicable Laws.
- xxxv. "Trustee" means trustee of the Trust.
- xxxvi. "Unvested Option" means an Option in respect of which the relevant Vesting Conditions or Vesting Period 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 earning by the Option Grantee, of the right to Exercise the Options Granted to him in pursuance of the ESOP 2016. The term 'Vest' or 'Vested' shall be construed accordingly.
- xxxix. "Vesting Condition" means any condition subject to which the Options Granted would Vest in an Option Grantee.
- x' "Vesting Period" means the period during which the Vesting of the Option Granted to the Employee, in pursuance of the ESOP 2016 takes place. Provided that, post Listing of the Company, in case of death or Permanent Incapacity, the minimum vesting period of 1 (one) year shall not apply.

### 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:



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- 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.

The terms defined in this ESOP 2016 shall for the purposes of this ESOP 2016 have the meanings herein specified and terms used and not defined in this ESOP 2016 shall have the meanings as defined in the SEBI (SBE & SE) Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, 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 by way of special resolution dated December 5, 2016 and September 29, 2021 have authorized the Committee to issue to the Employees, such number of Options under the ESOP 2016 as would be exercisable into not more than 14,15,614 (Fourteen Lakhs Fifteen Thousand Six Hundred and Fourteen only) fully paid-up equity shares in the Company, in aggregate, of face value of Rs.10/- (Rupees ten) each, to be acquired/purchased through Secondary Acquisition by the Trust, at such Exercise Price, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of this ESOP 2016. Each Option when exercised will be Exercisable Into 1 (one) Share of the Company.
- 3.2 The maximum number of Options that may be granted to an Employee shall vary depending upon the eligibility criteria such as tenure, designation and the appraisal, ratings; however, it shall not exceed 10,00,000 Options per eligible Employee. The Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to an Employee within this ceiling.
- 3.3 The Trust is entitled to acquire, hold or otherwise deal in not exceeding 14,15,614 (Fourteen Lakhs Fifteen Thousand Six Hundred and Fourteen only) Shares acquired through Secondary Acquisition under ESOP 2016.



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- 3.4 The shareholders by way of special resolution dated December 5, 2016 have approved the proposal for sanction of an interest free loan of Rs.1,48,50,000 (Rupees one crore forty eight lacs and fifty thousand only) by the Company to the Trust. This proposed amount of loan is within the statutory limit of 5% (five percent) of the aggregate of paid-up share capital and free reserves as per latest audited accounts of the Company as prescribed under Companies Act.
- 3.5 If the number of Options that may be offered to any specific Employee, during any 1 (one) year, exceeds 1% (one percent) or more of the issued capital (excluding warrants & conversion) of the Company at the time of Grant of Options, then the Company shall obtain prior approval from shareholders of the Company in accordance with Applicable Laws.
- 3.6 The Company shall take prior approval from the shareholders of the Company by way of a special resolution to Grant Options to the Employees of the Subsidiary(ies), or Associate Company(ies), or a company belonging to the same Group as the Company.
- 3.7 If an Option expires, lapses or becomes un-exercisable due to any other 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.
- 3.8 The Trust may, subject to the Applicable Laws, acquire Shares through Secondary Acquisition for the purposes of implementing the Plan subject to the limits and conditions specified and the other provisions contained in the SEBI (SBEF & SE) Regulations.
- 3.9 The Trust shall utilize the Shares of the Company acquired/ for the purpose of transferring them to the Grantees, upon Exercise/ Vesting, in case of Units subject to Applicable Laws. No fresh shares shall be issued by the Company either to the Trust or to the Grantee under the Plan.
- 3.10 Where Shares transferred by the Trust, consequent upon exercise of Options under the ESOP 2016, the maximum number of Shares that can be transferred under ESOP 2016 as referred to in Clause 3.1 of the Plan above shall stand reduced to the extent of such Shares transferred.
- 3.11 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 ESOP 2016, the maximum number of Shares being Granted under ESOP 2016 as specified above shall



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stand modified accordingly, so as to ensure that the cumulative face value (number of Shares x face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation. Thus, for example, if the prevailing face value of each Share is Rs. 10 per Share and the revised face value after the Share split is Rs. 5 per Share, the total number of Shares available under ESOP 2016 would be (Shares reserved at sub-clause 3.1 x 2) Shares of Rs. 5 each. Similarly, in case of bonus Issue, rights issue, etc. the available number of Shares under ESOP 2016 shall be revised.

#### 4. Administration

- 4.1 The Plan shall be implemented through the Trust, and the Committee shall in compliance with the SEBI (SBEES & SE) Regulations, delegate the administration of the Plan to the Trust to the extent set out in the Plan. Neither the Company nor the Trust/Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Options granted thereunder.
- 4.2 The Committee shall, in accordance with this ESOP 2016 and Applicable Laws, determine the following:
- a) The quantum of Options to be Granted to an Employee under ESOP 2016, subject to the ceiling as specified in Sub-clauses 3.1;
  - b) The Eligibility Criteria subject to which an Employee would become entitled to be Granted Options under the ESOP 2016;
  - c) The conditions under which Options may Vest (time, performance and/or milestones) and the conditions under which the Vested Options may lapse including in case of termination of employment for Misconduct;
  - d) The Exercise Period within which the Option Grantee should Exercise the Options and that Options would lapse on failure to Exercise the Option within the Exercise Period;
  - e) The specified time period within which the Option Grantee shall Exercise the Vested Option in the event of termination of employment or resignation of an Option Grantee;
  - f) The right of an Employee to Exercise all the Options Vested in him at one time or at various points of time within the Exercise Period;



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- g) The procedure for making a fair and reasonable adjustment to the number of Options and/or to the Exercise Price in case of a corporate action such as rights issues, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration by the Committee:
- (i) the number and / or the Exercise Price of the Options shall be adjusted in a manner such that the total value of Shares remains the same before and after such corporate action;
  - (ii) the Vesting Period the Options shall be left unaltered as far as possible to protect the rights of the Option Grantee
- h) The procedure and terms for Grant, Vesting and Exercise of Option in case of Employees who are on long leave;
- i) The procedure for cashless Exercise of Options, if required;
- j) The procedure for funding the Exercise of Options;
- k) The procedure for Formation of Trust and implementation of ESOP 2016 through such Trust;
- l) The procedure for buy-back of specified securities issued under SEBI (SBEB & SE) Regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
- (i) permissible sources of financing for buy-back;
  - (ii) any minimum financial thresholds to be maintained by the company as per its last financial statements; and
  - (iii) limits upon quantum of specified securities that the Company may buy-back in a financial year.

Explanation - 'specified securities' mean as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

- m) Approve terms, writings and/or agreements for use in pursuance of ESOP 2016.





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- n) Frame any other byelaws, rules or procedures as it may deem fit for administering ESOP 2016.
  - o) Decide all other matters that must be determined in connection with an Option under the ESOP 2016.
- 4.3 In connection with Listing, the Committee shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time) and (c) any other applicable regulations as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Company and any Employee, as applicable.

### 5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being Granted Options under ESOP 2016. The specific Employees to whom the Options would be Granted and their Eligibility Criteria shall be determined by the Committee. The Committee shall intimate the Trustees in writing as to the number of units that have been Granted to each eligible Employee specifying therein the Grant date, number of units Granted, Vesting Date(s), Exercise Period and the Exercise Price. The Committee shall intimate the Trustees in writing as to the number of units that have been Granted to each eligible Employee specifying therein the Grant date, number of Units Granted, Vesting Date(s), Exercise Period and the Exercise Price.
- 5.2 The Plan shall be applicable to the Company, its Subsidiary in or outside India, and its Holding Company if any, and any successor Company thereof and may be granted to the Employees of the Company, or of its Subsidiary Company(ies), or its Holding Company, as determined by the Committee at its sole discretion.

### 6. Vesting Schedule and Vesting Conditions

- 6.1 Options Granted under ESOP 2016 shall Vest within not earlier than 1(one) year and not more than 4 (four) years from the date of such Grant, as decided by the Committee and set out in the Grant Letter.

Provided further that post Listing, in the event of death or Permanent Incapacity / disability, the minimum Vesting Period of 1 (one) year shall not be applicable and in such instances, the



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Options shall Vest on the date of death or Permanent Incapacity / disability, as the case may be.

### 6.2 Options shall vest subject to:

- (i) continued employment with the Company, Including Subsidiary Company(ies), Holding Company, Associate Company or Group Company as the case may be, as on relevant date of Vesting; and
- (ii) achievement of performance criteria specified, if any, by the Committee.

Provided that if the Option Grantee is not able to achieve the specified performance criteria as of any date of Vesting due to the reason(s) which in the opinion of the Committee is/are beyond Option Grantee's control namely change in Government regulations or otherwise, the Committee may at its discretion allow Vesting of Options with respect to that date of Vesting.

### 6.3 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the document given to the Option Grantee at the time of Grant.

### 6.4 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 Option Grantee 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 Committee.

### 6.5 Power to accelerate vesting in certain cases

- (i) The Committee shall have the power to accelerate Vesting of Unvested Options in connection with Liquidity Event within the meaning of this Plan
- (ii) All or a part of Options remaining unvested as on date of meeting of the Committee considering the proposal for such acceleration, may at the discretion of the Committee be deemed to Vest with effect from that date or from such other date as the Committee may determine.



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Provided that acceleration of vesting in the manner aforesaid shall be approved keeping in view the life of such Unvested Options from the date of grant thereof in due compliance with statutory minimum Vesting Period of 1 (one) year as per Applicable Laws. However, post Listing, in the event of death or Permanent Incapacity / disability, the minimum Vesting Period of 1 (one) year shall not be applicable and in such instances, the Options shall Vest on the date of death or Permanent Incapacity / disability, as the case may be

- (iii) In case after approval of acceleration of Vesting of Unvested Options by the Committee, there occurs no Liquidity Event, on consideration of which Committee had 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 Committee as a result of which such Unvested Options shall be subject to Vesting as originally contemplated.
- (iv) Prior to the Listing, In the event an Option Grantee is transferred or deputed to the Holding Company or Subsidiary Company prior to Vesting or Exercise, the Vesting and Exercise as per the terms of Grant shall continue in case of such transferred or deputed Option Grantee even after the transfer or deputation. Post the Listing, in the event an Option Grantee is transferred or deputed to the Holding Company, an Associate Company or Subsidiary Company or any company in the Group prior to Vesting or Exercise, the Vesting and Exercise as per the terms of Grant shall continue in case of such transferred or deputed Option Grantee even after the transfer or deputation.

## 7. Exercise

### 7.1 Exercise Price

- (a) The Exercise Price shall be equal to Fair Market Value as on date of grant of Options.
- (b) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Committee may decide from time to time.
- (c) On Exercise of Vested Options by the Grantee, the Trust shall transfer the Shares into the demat account of the Grantee



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(d) Subject to Applicable Laws, the Company may fund or permit the empaneled stock brokers to make suitable arrangements to fund the Option Grantee for payment of Exercise Price, the amount necessary to meet his tax obligations and other related expenses pursuant to Exercise of Options granted under the Plan and such amount shall be adjusted against the sale proceeds of some or all the Shares of such Option Grantee.

### 7.2 Exercise Period:

(a) Exercise while in employment:

Subject to clause 7.2(b) of the Plan, the Vested Options can be Exercised by the Employees only at the time of Liquidity Event or within such period as determined by the Committee

(b) Exercise in case of cessation of employment

The Vested Options can be exercised by the Option Grantee 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 can be Exercised by the Option Grantee within his/her last working day. | All the Unvested Options as on date of resignation/ termination shall stand cancelled with effect from date of such resignation. |
| 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.    |



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|   |                      |  |   |
|---|----------------------|--|---|
| 3 | Retirement           | All the Vested Options as on date of retirement can be exercised by the Option Grantee within his/her last working day.                                    | All Unvested Options on the date of retirement shall stand cancelled with effect from date of retirement.<br><br>The Unvested Options shall continue to Vest in accordance with the Company's policies and Applicable Laws.   |
| 4 | Death                | All the Vested Options as on date of death of the Option Grantee can be Exercised by his/her nominee or legal heir within 6 months from the date of death. | All the Unvested Options as on the date of death shall be deemed to have been Vested and may be Exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than 6 months from the date of Death.<br><br>Further, the Company shall formulate appropriate policy in accordance with Applicable Laws, as regards the Options Granted, in case of death of the Option Grantee. |
| 5 | Permanent Incapacity | All the Vested Options as on date of termination due to Permanent Incapacity can be exercised by the Option Grantee within 6 months from the date of such  | All the Unvested Options as on the date of such Permanent Incapacity shall be deemed to have been Vested and can be exercised by the Option Grantee   |



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|   |   |   |   |
|---|---|---|---|
|   |   | termination.  | immediately after, but in no event later than 6 months from the date of such incapacity.<br><br>Further, the Company shall formulate appropriate policy in accordance with Applicable Laws, as regards the Options Granted, in case of death of the Option Grantee. |
| 6 | Abandonment*  | All the Vested Options shall stand cancelled/lapsed/expired with effect from such date as determined by the Committee.                                  | All Unvested Options shall stand cancelled with effect from such date as determined by the Committee.   |
| 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 Committee 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 Committee at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned

7.3 Provided that in case the Company proposes Listing, all the exercisable Vested Options in case of separation from employment for any of the reasons mentioned above, shall be exercised within such period ("Notified Period") as may be notified by the Committee 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



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exercise of the Vested Options. On issue of such notice, the Notified Period shall be deemed to be substituted for the corresponding Exercise Periods mentioned in the aforesaid Table. 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.

- Procedure of Exercise
- a) Any Option granted hereunder will be exercisable according to the terms of the ESOP 2016 and at such times and under such other conditions as determined by the Committee and set forth in the Grant letter. An Option may not be exercised for a fraction of a Share
  - b) An Option shall be deemed to be exercised when the Company receives: (i) a written notice of Exercise duly complete in all respects in prescribed format whether in physical or in electronic form from the person entitled to exercise the Option, and (ii) full payment comprising of Exercise Price and applicable tax thereon
  - c) All Shares issued and allotted consequent to Exercise of Options shall rank pari passu with the then existing equity shares of the Company.

### 7.4 Lapse of Options

The Options not exercised within the Exercise Period prescribed above shall lapse and the Option Grantee shall have no right over such lapsed or cancelled Options and the Shares covered by such Option shall revert to the ESOP 2016.

### 7.5 Right to prescribe for cashless Exercise of Options

Notwithstanding anything contained in the foregoing provisions relating to exercise of Options, subject to Applicable Laws, the 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 a Trust nominated by the Company to deal with the Options on the Option Grantees' behalf till the realization of sales proceeds.



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### 8. Cash Settlement of Vested Options

- 8.1 Prior to Listing, the Committee shall have the right (without any obligation) to prescribe for cash settlement of Vested Options by the Company or by the Trust at the instance of the Committee.
- 8.2 The Committee's right to deal with the Vested Options which includes the settlement thereof by way of cash payment for a consideration which shall be determined by the Committee with reference to the excess of 'Fair Market Value of Shares prevailing at that time over the 'Exercise Price of the concerned Vested Options'.
- 8.3 The number of Vested Options that are entitled for cash settlement during any given financial year shall be determined at the discretion of the Committee.
- 8.4 Once the Vested Options are settled for a consideration, those shall be cancelled and the Option Grantee's rights and liabilities therein shall immediately extinguish with effect from date of receipt of such consideration.
- 8.5 Notwithstanding the above, post Listing, the above provisions shall not be applicable to the Company.

### 9 Initial Public Offer (IPO)

Post Listing, Option Grantee can sell their Shares in the open market any time in accordance with Applicable Laws and Company Policies (specifically the insider trading policy), subject to any lock in period as per applicable laws. Provided that the Shares allotted on such Exercise can be traded only in compliance with the terms of code of conduct for prevention of insider trading of the Company framed under Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015,

### 10 Lock-in

The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in restriction except such restrictions as prescribed under the Applicable Laws





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### 11. Restriction on transfer of Options

- 11.1 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner
- 11.2 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 7.2(b) would apply.
- 11.3 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee holder, in which case clause 7.2(b) would apply.

### 12. Other Terms and Conditions

- 12.1 In case of Listing, the Committee 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.
- 12.2 The Option Grantee 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 Option.
- 12.3 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 Option and becomes a registered holder of the Shares of the Company.
- 12.4 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 4.2(g) of ESOP 2016.

### 13. Deduction/Recovery of Tax

- 13.1 The Company or Trust as the case may be 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



## Muthoot Microfin Limited

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Option or the Shares acquired upon the Exercise thereof. The Company or Trust shall have no obligation to deliver Shares to the Option Grantee until such tax obligations have been satisfied by the Option Grantee.

### **14 Accounting and Disclosures**

14.1 The Company shall follow the laws/regulations applicable to accounting related to Options, including but not limited to the IND AS/Guidance Note on Accounting for Employee Share-based Payments (Guidance Note) and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including any 'Guidance Note on Accounting for employee share-based payments' issued in that regard from time to time and comply with the disclosure requirements prescribed therein, in compliance with relevant provisions of SEBI (SBEB & SE) Regulations.

14.2 Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for any of the plans covered under these regulations then the Company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI or any other statutory authority from time to time.

14.3 Upon Listing, the Company will also make the necessary disclosures under the SEBI (SBEB & SE) Regulations at the time of Grant, including as provided in Part G of Schedule I of the SEBI (SBEB & SE) Regulations.

### **15 Authority to vary terms**

15.1 Subject to the prior approval of the shareholders of the Company and Applicable Laws, the Committee may, if it deems necessary, vary the terms of the Plan, including pursuant to meeting any regulatory requirements, for the purpose of efficient implementation and administration of the Plan.

Provided that no such variation shall have detrimental effect to the interest of the existing Option Grantees.



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Provided further that, post the Listing, the Board or the Committee may revise any of the terms and conditions of this Plan to meet any regulatory requirement without seeking shareholders' approval.

### 16 Miscellaneous

#### 16.1 Government Regulations

This ESOP 2016 shall be subject to all Applicable Laws, and approvals from government authorities. The Grant and the transfer of Shares by the Trust under this ESOP 2016 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 transfer 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 Employee Stock Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Plan by being Granted an Employee Stock Option on any other occasion.

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

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 Employee Stock Option in whole or in part.

### 17 Notices

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



## Muthoot Microfin Limited

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- 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

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

**Designation** : Head – Human Resource/Any other designated person

**Address** : Muthoot Microfin Limited  
5th Floor, Muthoot Towers,  
M.G Road, Kochi – 682035

### 18 Jurisdiction and Dispute Resolution

- 18.1 All disputes arising out of or in connection with this Plan or the Grant, Vesting or Exercise shall be referred for arbitration to a sole arbitrator (not being an employee) to be appointed by the Committee with the consent of the Option Grantee. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996, in force at the relevant time. The place of Arbitration shall be Kochi, India and the proceedings shall be conducted in English. The costs of the arbitration shall be borne by the parties to the dispute in such manner as the arbitrator shall direct in their arbitral award.
- 18.2 Subject to clause 21.1 of the Plan, the Courts in Kochi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Plan.
- 18.3 Nothing in this clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2016:
- (i) in any other court of competent jurisdiction; or
  - (ii) concurrently in more than one jurisdiction.

### 19 Governing Laws

- 19.1 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



## **Muthoot Microfin Limited**

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### **19.2 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.

### **19.3 Foreign Exchange Laws**

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

### **20 Severability**

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

### **21 Confidentiality**

21.1 An Option Grantee must keep the details of the ESOP 2016 and all other documents in connection thereto strictly confidential and must not disclose the details other than the details that may be required to disclose with tax advisors, banker or any statutory authority as applicable, 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.

21.2 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



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consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

**22 Special Provisions Prior to Listing**

- 22.1 Company shall not make any fresh Grant under the Plan prior to the Listing of its Shares unless the Plan is ratified by its shareholders subsequent to the IPO.
- 22.2 Terms of such Grant under the Plan cannot be varied without the prior approval of the shareholders is taken for such a change, except for any adjustments for corporate actions made as under the SEBI (SBE6 & SE) Regulations.
- 22.3 For Listing of Shares issued pursuant to the Plan, the Company shall obtain the in-principle approval of the stock exchanges where it proposes to list the said Shares.



**THOMAS  
MUTHOOT**

Digitally signed by  
THOMAS MUTHOOT  
Date: 2023.06.30  
08:42:19 +05'30'



**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF MUTHOOT MICROFIN LIMITED AT THE MEETING HELD ON MONDAY 26<sup>TH</sup> JUNE 2023 THROUGH VIDEO CONFERENCING AT THE DEEMED VENUE AT 05<sup>TH</sup> FLOOR, MUTHOOT TOWERS, MUTHOOT TOWERS, M.G. ROAD, KOCHI -682 035.**

**Adoption of Amended Employee Stock Option Scheme of the Company**

**"RESOLVED THAT** pursuant to Section 62(1)(b) of the Companies Act, 2013 (the "Act") read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 (the "Rules") and all other applicable provisions, if any, of the Act and the Rules, and the applicable provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (the "SEBI SBEB & SE Regulations"), for the time being in force and as may be modified from time to time, and other rules, regulations, circulars and guidelines of any / various statutory / regulatory authority(ies) that are or may become applicable, subject to such approvals, consents, permissions and approvals of any / various statutory / regulatory authority(ies) as may be required, pursuant to the recommendation of the nomination and remuneration committee and subject to approval of the shareholders of the Company, the consent of board of directors (the "Board") be and is hereby accorded to the amendments to the Muthoot Microfin Employee Stock Option Plan 2016 ("ESOP 2016") and Muthoot Microfin Limited Employee Stock Option Plan 2022 ("ESOP 2022") (the "ESOP Schemes") adopted by the Company as tabled before the Board.

**RESOLVED FURTHER THAT** it is hereby noted that the amendments to the ESOP Scheme are being carried out to meet the regulatory requirement in terms of the SEBI SBEB & SE Regulations once the Company is listed.

**RESOLVED FURTHER THAT** any member of Board be and is hereby authorized on behalf of the Company to make and carry out any modifications, changes, variations, alterations or revisions in the terms and conditions of the ESOP Schemes, in accordance with applicable laws prevailing from time to time, as it may deem fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, any member of the Board be and is hereby severally authorized, on behalf of the Company, to do all such acts, matters, deeds and things and to take all steps and do all things and give such directions as may be required, necessary, expedient, incidental or desirable.

**RESOLVED FURTHER THAT** any director of the Company be and is hereby authorized to certify ~~copy of~~ this resolution and issue the same to all concerned parties."



MUTHOOT MICROFIN LIMITED

5th Floor, Muthoot Towers

M.G. Road, Kochi - 682 035, Kerala, India. CIN: U51909KL2011PLC000001

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**To Consider and Approve Amendment to the MML Employee Welfare Trust Deed Dated March 1, 2017**

**"RESOLVED THAT** in order to be compliant with the requirements as prescribed under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEBS & SE Regulations, 2021"), (including any statutory modifications or re-enactments thereof for the time being in force), the consent of board of directors ("**Board**") of Muthoot Microfin Limited ("**Company**") be and is hereby accorded to amend the original trust deed dated March 1, 2017 by executing the supplementary trust deed, as tabled before the Board.

**RESOLVED FURTHER THAT** any Director, Mr. Sadaf Sayeed, Chief Executive Officer, Mr. Praveen T, Chief Financial Officer and Ms. Neethu Ajay, Company Secretary and Chief Compliance Officer of the Company be and is hereby authorised to execute the supplementary trust deed, and to do all such acts, deeds, things and matters as may be required to give effect to the above-mentioned resolution."

**//CERTIFIED TRUE COPY//  
FOR MUTHOOT MICROFIN LIMITED**



**NEETHU AJAY**

**COMPANY SECRETARY AND COMPLIANCE OFFICER**

**MEMBERSHIP NO. A34822**







**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE MEMBERS OF MUTHOOT MICROFIN LIMITED AT THE 1/2023-24 EXTRA-ORDINARY GENERAL MEETING HELD ON MONDAY, 26TH JUNE 2023 THROUGH VIDEO CONFERENCING AT THE DEEMED AT 05TH FLOOR, MUTHOOT TOWERS, MUTHOOT TOWERS, M.G. ROAD, KOCHI -682 035.**

**SPECIAL BUSINESS:**

**ADOPTION OF THE NEW SET OF ARTICLES OF ASSOCIATION OF THE COMPANY**

**Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 3 and 14 of the Companies Act, 2013 and the rules made thereunder, each as amended, and other applicable provisions, if any, and in order to align the articles of association of the Company (the "Articles of Association") with the listing requirements of the stock exchanges where the Equity Shares of the Company are proposed to be listed and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, subject to the necessary approvals required, of the shareholders of the Company and that of the Registrar of Companies, Maharashtra, at Mumbai ("ROC"), and further subject to such other terms, conditions, stipulations, alterations, amendments or modifications as may be required, specified or suggested by the ROC, and the Securities and Exchange Board of India and stock exchanges in connection with listing of equity shares, and the amendment cum termination agreement to the shareholders' agreement dated 26<sup>th</sup> June 2023 entered into amongst the Company, Muthoot Fincorp Ltd., Mr. Thomas Muthoot, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot, Ms. Nina George, Ms. Remy Thomas, Ms. Preethi John Muthoot, Creation Investments India, LLC and Greater Pacific Capital WIV Ltd., in accordance with the enabling provisions of the memorandum and articles of association and subject to the applicable provisions of any other applicable law the set of existing articles of association, as placed before the shareholders of the Company be and is hereby substituted with the amended set of articles of association placed before the shareholders of the Company and the same be approved and be adopted as articles of association, in total exclusion and substitution of the existing articles of association.

**RESOLVED FURTHER THAT** any of the Directors, Mr. Sadaf Sayeed, Chief Executive Officer, Mr. Praveen T, Chief Financial Officer, Ms. Neethu Ajay, Company Secretary and Chief Compliance Officer of the Company, and such other persons as may be authorised by the board of directors of the Company be and are hereby severally authorised to issue certified true copies of these resolutions and the same may be forwarded to concerned authorities for necessary action and do all such acts, deeds, matters and things as may be required to be done to give effect to the above resolution including filing of necessary forms with the Registrar of Companies, Maharashtra, at Mumbai.

**RESOLVED FURTHER THAT** any of the Directors, Mr. Sadaf Sayeed, Chief Executive Officer, Mr. Praveen T, Chief Financial Officer, Ms. Neethu Ajay, Company Secretary and Chief Compliance



MUTHOOT MICROFIN LIMITED

One, LG 5th Floor, Muthoot Towers

MG Road, Kochi - 682 035

www.muthootmicrofin.com



Officer of the Company be and are hereby severally authorized by the Company to certify a copy of this resolution and provide the same to all concerned parties and relevant statutory authorities, if any."

#### **AMENDMENT TO THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION**

##### **Special Resolution:**

**"RESOLVED THAT** pursuant to the provision of section 4, 13 and other applicable provisions, if any of the Companies Act, 2013 (the Act) read with applicable Rules made thereunder, including any amendments thereto, (including any statutory modification or re-enactments thereof for the time being in force) and such other approvals, permissions and sanctions of statutory authorities as may be required, consent of the members of the Company be and is hereby accorded for amendment in the existing Object clause of the Memorandum of Association (the MOA) of the Company in the following manner:-

Clause III Part B of the MOA be altered by including the following sub clause;

*To transact with associations/ agencies for sale of credits obtained pursuant to providing loans to persons, firms or companies for buying energy efficient products to help them improve their standard of living.*

**RESOLVED FURTHER THAT** any of the Directors of the Company, Mr. Praveen T, Chief Financial Officer of the Company and Ms. Neethu Ajay, Company Secretary and Chief Compliance Officer of the Company, be and are hereby severally authorised to make application, sign and file forms and other necessary documents etc. and to do all such acts, deeds and things as may be required or deemed expedient to implement this resolution, including filing of the necessary forms with the registrar of companies and to authorise such person or persons to liaise with the concerned authorities, as may be required.

**RESOLVED FURTHER THAT** any Director, Mr. Sadaf Sayeed, Chief Executive Officer, Mr Praveen T, Chief Financial Officer and Ms. Neethu Ajay, Company Secretary and Chief Compliance Officer of the Company be and is hereby severally authorised to certify the true copy of the aforesaid resolutions."

#### **AMENDED OF MUTHOOT MICROFIN EMPLOYEE STOCK OPTION PLAN 2016**

##### **Special Resolution:**

**"RESOLVED THAT**, pursuant to Section 62(1)(b) of the Companies Act, 2013 (the "Act") read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 ("Rules") and other applicable provisions, if any, of the Act, and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations"), for the time being in force and as may be modified from time to time, and other rules, regulations, circulars and guidelines of any / various statutory / regulatory authority(ies) that are or may become applicable (collectively referred herein as the "Applicable Laws"), subject to such approvals, consents, permissions and approvals of any / various authority(ies) as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors ("Board") of Muthoot Microfin Limited ("Company"), the approval of the Members be and is hereby accorded to the amendments to Muthoot Microfin Employee Stock Option Plan 2016 ("ESOP 2016"), adopted by the Company, as described in the Explanatory Statement.



**RESOLVED FURTHER THAT**, to give effect to the above resolutions, any of the directors, chief financial officer, company secretary of the Company, and such other persons as may be authorised by the Board of the Company be and are hereby jointly and severally authorised to do all such acts, deeds, matters and things, including to settle any question, difficulty or doubt that may arise and to finalise and execute all documents and writings as may be necessary and make such filings/ applications with the regulatory authorities including the Registrar of Companies, Maharashtra, at Mumbai to effectively implement this resolution.

**RESOLVED FURTHER THAT** any of the directors and such other persons as may be authorised by the Board be and is hereby authorized to make any modifications or revisions in the ESOP 2016 as it may deem fit, from time to time, provided that the same is in conformity with the Companies Act, the Companies (Share Capital and Debenture) Rules, 2014, as amended, the SEBI SBEES & SE Regulations, the memorandum of association and articles of association of the Company and any other applicable laws."

**RESOLVED FURTHER THAT** any of the directors, chief financial officer and company secretary of the Company be and are hereby severally authorized by the Company to certify a copy of this resolution and provide the same to all concerned parties and relevant statutory authorities, if any."

#### **AMENDED OF MUTHOOT MICROFIN LIMITED EMPLOYEE STOCK OPTION PLAN 2022**

##### **Special Resolution:**

**"RESOLVED THAT**, pursuant to Section 62(1)(b) of the Companies Act, 2013 (the "Act") read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 ("Rules") and other applicable provisions, if any, of the Act, and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEES & SE Regulations"), for the time being in force and as may be modified from time to time, and other rules, regulations, circulars and guidelines of any / various statutory / regulatory authority(ies) that are or may become applicable (collectively referred herein as the "Applicable Laws"), subject to such approvals, consents, permissions and approvals of any / various authority(ies) as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors ("Board") of Muthoot Microfin Limited ("Company"), the approval of the Members be and is hereby accorded to the amendments to Muthoot Microfin Limited Employee Stock Option Plan 2022 ("ESOP 2022"), adopted by the Company, as described in the Explanatory Statement.

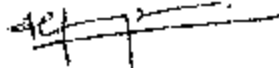
**RESOLVED FURTHER THAT**, to give effect to the above resolutions, any of the directors, chief financial officer, company secretary of the Company, and such other persons as may be authorised by the Board of the Company be and are hereby jointly and severally authorised to do all such acts, deeds, matters and things, including to settle any question, difficulty or doubt that may arise and to finalise and execute all documents and writings as may be necessary and make such filings/ applications with the regulatory authorities including the Registrar of Companies, Maharashtra, at Mumbai to effectively implement this resolution.

**RESOLVED FURTHER THAT** any of the directors and such other persons as may be authorised by the Board be and is hereby authorized to make any modifications or revisions in the ESOP 2022 as it may deem fit, from time to time, provided that the same is in conformity with the Companies Act, the Companies (Share Capital and Debenture) Rules, 2014, as amended, the SEBI SBEES & SE Regulations, the memorandum of association and articles of association of the Company and any other applicable laws."



**RESOLVED FURTHER THAT** any of the directors, chief financial officer and company secretary of the Company be and are hereby severally authorized by the Company to certify a copy of this resolution and provide the same to all concerned parties and relevant statutory authorities, if any."

**//CERTIFIED TRUE COPY//  
FOR MUTHOOT MICROFIN LIMITED**



**NEETHU AJAY  
COMPANY SECRETARY AND COMPLIANCE OFFICER  
MEMBERSHIP NO. A34822**



**Explanatory Statement for Resolutions mentioned under Item Nos. 1 to 4 pursuant to Section 102 of the Companies Act, 2013 (hereinafter referred to as the "Act")**

**In respect of Item No. 1: ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION OF THE COMPANY**

The Company is proposing to undertake an initial public offer of the equity shares of face value of ₹ 10 each ("Equity Shares") of the Company comprising of fresh issuance of Equity Shares by the Company ("Fresh Issue") and an offer for sale of Equity Shares by certain existing shareholders ("Selling Shareholders") ("Offer for Sale" and together with the Fresh Issue, the "Offer"), and list the Equity Shares on one or more of the stock exchanges.

The Articles of Association are required to be amended in view of the proposal of the Company to undertake the Offer and list the Equity Shares on one or more of the recognised stock exchanges in India. The Company therefore proposes to adopt a new set of Articles of Association that shall conform to the requirements and directions provided by the stock exchanges prior to filing of the draft red herring prospectus with the SEBI and the relevant stock exchanges and contain such other articles as required by a public limited company under applicable laws (including the Companies Act, 2013).

The copies of the proposed altered Articles of Association of the Company are available for inspection by the members at the registered office of the Company on all working days, during business hours up to the date of the meeting and will also be made available at the meeting.

None of the directors, key managerial personnel, of the Company or the relatives of the aforementioned persons are in any way, financially or otherwise concerned or interested in the said resolutions, except to the extent of their shareholding in the Company.

The Board recommended the passing of the resolution at Item No. 1 of the notice as a special resolution.

**In respect of Item No. 2: AMENDMENT TO THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION**

As part of Kyoto Protocol various programs are introduced by the UNFCCC to reduce carbon emissions which includes issue of Certified Emission Reductions (CERs) commonly known as "Carbon Credits" to individuals, businesses, and organizations (Project Participants) for each tonnage of greenhouse gas they help to reduce, avoid, or remove.

Muthoot Microfin offers a range of financial products to clients to buy energy efficient Cookstoves, Solar home systems, Biogas digesters and water purifiers. Usage of clean energy products entitles them to carbon credits as they help to reduce, avoid, or remove carbon emissions.

Muthoot Microfin shares details of loans given to clients with Carbon Credit agency who are authorized participant with UNFCCC Secretariat, initiates an application for issue of CERs for and on behalf of Muthoot Microfin (Rights for such carbon credits already released by project participants to Muthoot). After due verification of application submitted, CDM registry issues CERs in the name of Muthoot Microfin. Muthoot Microfin sells these CERs available with us to Carbon credit agency and the agency will transfer funds to Muthoot Microfin after deducting costs agreed as per the agreement. The funds received against carbon credits are available to Muthoot Microfin for activities like Internal capacity building, marketing, client education, aftersales services etc. which would further enhance the sale of clean energy products.



The object clause of the Memorandum of Association are required to be amended by including the energy efficient products and ancillaries as mentioned on the resolution. The copies of the proposed altered Memorandum of Association of the Company are available for inspection by the members at the registered office of the Company on all working days, during business hours up to the date of the meeting and will also be made available at the meeting.

None of the directors, key managerial personnel, of the Company or the relatives of the aforementioned persons are in any way, financially or otherwise concerned or interested in the said resolutions, except to the extent of their shareholding in the Company.

The Board recommended the passing of the resolution at Item No. 2 of the notice as a special resolution.

**In respect of Item No. 3: AMENDMENT OF MUTHOOT MICROFIN EMPLOYEE STOCK OPTION PLAN 2016**

Muthoot Microfin Limited ("Company") adopted the Muthoot Microfin Employee Stock Option Plan 2016 ("ESOP 2016") which is being implemented by the Company.

Based on the approval of the Board of Directors ("Board"), and subject to the approval of the Members, it is proposed that the ESOP 2016 be amended in order to comply with the regulatory requirements in terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") and certain other changes, to provide ease of administration of the options under the ESOP 2016 and which are not prejudicial to the interest of the current optionees of the Company.

The Resolutions contained at Item No. 3 seek to obtain the approval of Members by way of a Special Resolution, for authorizing the Board to amend the ESOP 2016 and do all such acts, matters, deeds and things and to take all steps and do all things and give such directions as may be required, necessary, expedient, incidental or desirable for giving effect to the amendment of the ESOP 2016.

Copy of the amended ESOP 2016 of the Company will be open for inspection by the members at the Registered Office of the Company at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India on all working days, during business hours up to the date of the Meeting and will also be made available at the meeting.

Details of the key variations of the ESOP 2016 are provided below:

1. **Key Variations in the ESOP 2016:**

**PART - A**

It is proposed to include the following variations in the ESOP 2016 to bring it in compliance with the regulatory requirements in terms of the SEBI SBEB & SE Regulations:

| Sl. No. | Proposed Variation to ESOP 2016  | Reason for Variation   |
|---------|--|--|
| 2.1(iv) | <b>Definition of committee</b><br><br>The ESOP 2016 did not have a reference to Committee. | The SEBI SBEB & SE Regulations requires the company to constitute a compensation committee for the administration of the Scheme. |



|         |   |  |
|---------|---|--|
|         |   | Accordingly, a new definition of Committee has been included in Clause 2.1(iv).  |
| 2.1(xi) | <p><b>Definition of employee</b></p> <p>The ESOP 2016 defines Employee as the following:</p> <p>(i) a permanent employee of the Company working in India or out of India; or</p> <p>(ii) a director of the Company, whether a whole time director or not; or</p> <p>(iii) an employee as defined in sub-clauses (i) or (ii) of a Subsidiary Company, in India or outside or of a Holding Company of the Company.</p> <p>but excludes:</p> <p>a. an employee who is a promoter (as defined under Applicable Law) or belonging to the promoter group (as defined under Applicable Law); or</p> <p>b. a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% (ten percent) of the Shares of the Company; and</p> <p>c. a Director being an Independent Director.</p> | <p>The definition of an employee, except in relation to sweat equity, has been revised under the SEBI SBEB &amp; SE Regulations to include an employee as designated by the company, who is <u>exclusively</u> working in India or outside India. Further, the ambit of an employee has been expanded to <u>include employees of group companies, including associate companies</u>. Consequently, stock options can be granted to employees of group companies, including associate companies as well.</p> <p>The ESOP 2016 is being revised to allow the grant of options to the employees of associate and group company as well.</p> |
| 2.1(xv) | <p><b>Exercise Price</b></p> <p>The exercise price under the ESOP 2016 means "means the price payable by an Option Grantee in order to exercise the Options granted to him in pursuance of the ESOP 2016."</p>  | <p>While a company is free to determine the exercise price, the exercise price is required to be in compliance with the accounting standards provided under Regulation 15 of the SEBI SBEB &amp; SE Regulations.</p> <p>The ESOP 2016 is being revised to provide that the exercise price under the ESOP 2016 would be in compliance with the accounting standards specified under the SEBI SBEB &amp; SE Regulations, including any 'Guidance Note on Accounting for</p>  |



|             |  |  |
|-------------|--|--|
|             |  | employee share-based Payments' issued in that regard from time to time.  |
| 3.2         | <p><b>Addition of the maximum number of options which can be granted to an employee</b></p> <p>The ESOP 2016 does not provide the maximum number of options which can be granted per employee.</p>   | <p>SEBI (SBEB &amp;SE) Regulations require the scheme to provide the quantum of options to be granted per employee. The ESOP 2016 is being amended to meet this requirement.</p>   |
| 4.2 and 4.3 | <p><b>Power of the compensation committee/ nomination and remuneration committee</b></p> <p>The ESOP 2016 provides for the administrative powers of the Compensation Committee. It provides for powers such as deciding the exercise period, quantum of options to be granted and the time within which the options may lapse.</p> | <p>As required under the SEBI SBEB &amp; SE Regulations, the Compensation Committee has been provided the authority for formulation, implementation, administration and superintendence of the ESOP 2016. Further, post listing, the Compensation Committee shall be constituted as required under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>Under Schedule 1, Part B of the SEBI SBEB &amp; SE Regulations, apart from the powers already provided, the Compensation Committee is also required to lay down, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>(a) The Exercise Period within which the Option Grantee should Exercise the Options and that Options would lapse on failure to Exercise the Option within the Exercise Period;</li> <li>(b) The specified time period within which the Option Grantee shall Exercise the Vested Option in the event of termination of employment or resignation of an Option Grantee;</li> <li>(c) The right of an Employee to Exercise all the Options Vested in him at one time or at various points of time within the Exercise Period;</li> <li>(d) the procedure for funding the exercise of options / SARs; and</li> <li>(e) the procedure for buy-back of specified securities issued under the SEBI SBEB &amp; SE regulations, if to be undertaken at any time by the company, and the applicable terms and conditions, including: <ul style="list-style-type: none"> <li>(i) permissible sources of financing for buy-back; (ii) any minimum financial thresholds to</li> </ul> </li> </ul> |





|         |   |   |
|---------|---|---|
|         |   | <p>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.</p> <p>(f) In connection with Listing, the Committee shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time) and (c) any other applicable regulations as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Company and any Employee, as applicable.</p> <p>Clause 4.2 and 4.3 of the ESOP 2016 is being revised to include the aforesaid powers of the Compensation Committee.</p> |
| 6.1     | <p><b>Minimum vesting period of 1 (one) year in case of death or Permanent Disability</b></p> <p>The ESOP 2016 in relation to the 'Vesting Schedule' provides that: <i>"Employee Stock Options granted under ESOP 2016 shall vest within not earlier than 1 (one) year and not more than 4 (four) years from the date of such Grant."</i></p> | <p>The minimum vesting period of 1 (one) year is not applicable in case of death or permanent disability.</p> <p>The ESOP 2016 is being revised to provide the aforesaid clarification.</p>   |
| 6.5(iv) | <p><b>Treatment of options in case of transfer or deputation to an associate company or subsidiary or any company in the group</b></p> <p>Presently, the ESOP 2016 does not address how deputation or transfer of an employee's services to a third party by the Company would impact the optionee's rights under the ESOP 2016.</p>          | <p>SEBI SBEB &amp; SE Regulations provide that in the event that an employee, who has been granted benefits under a scheme, is transferred or deputed to an associate company, subsidiary company or company in the same Group as the Company, prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.</p>   |



|        |   |  |
|--------|---|--|
|        |   | The ESOP 2016 is being revised to account for the above requirement under the SEBI SBEB & SE Regulations.  |
| 7.2(b) | <p><b>Treatment of options in case of death, permanent incapacity or retirement</b></p> <p>Presently, the ESOP 2016 provides that in the event that there is termination of employment due to death or permanent disability, the unvested options will be deemed to have vested and must be exercised within six months of death or permanent incapacity as the case may be</p>   | <p>The SEBI SBEB &amp; SE Regulations require a company implementing an employee stock option scheme to frame an appropriate policy with respect to death or permanent incapacity of an employee. Further, it is required that in cases of retirement of an employees, the unvested options shall vest in accordance with the company's policies and applicable laws.</p> <p>The ESOP 2016 is being revised to account for the above requirement under the SEBI SBEB &amp; SE Regulations.</p> |
| 17     | <p><b>Modification of the scheme</b></p> <p>Presently, the ESOP 2016 provides that: <i>"For the purpose of efficient implementation and administration of the Plan, the Board may at its sole discretion revise any of the terms and conditions in respect of existing or any new grant of Options subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of Employees."</i></p> | <p>Companies can vary the terms of the scheme to meet any regulatory requirement without seeking shareholders' approval under the SEBI SBEB &amp; SE Regulations.</p> <p>The ESOP 2016 is being revised to account for the above requirement under the SEBI SBEB &amp; SE Regulations.</p>   |
| 21.3   | <p><b>Disclosures required</b></p> <p>Presently, the ESOP 2016 does not provide for disclosure.</p>   | <p>Companies are required to make disclosures in terms of Part G of Schedule I of the SEBI SBEB &amp; SE Regulations.</p> <p>The ESOP 2016 is being revised to provide that the necessary disclosures will be made in terms of the SEBI SBEB &amp; SE Regulations at the time of grant, including as provided in Part G of Schedule I of the SEBI SBEB &amp; SE Regulations</p>  |

#### PART - B

It is proposed to include the certain additional terms and to delete certain terms in the ESOP 2016 to provide ease of administration of the options under the ESOP 2016 and which are not prejudicial to the interest of the current optionees of the Company

| S.No. | Particulars                    | ESOP 2016   |
|-------|--------------------------------|---|
| 1.    | Addition of dispute resolution | It is proposed that all disputes arising out of or in connection with ESOP 2016 shall be referred for arbitration to a sole arbitrator (not being an employee) to be appointed by the Committee with the consent of the concerned employee in |



|    |  |  |
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|    |  | accordance with the provisions of the Arbitration and Conciliation Act, 1996, in force at the relevant time. The place of Arbitration is proposed to be Kochi, India and the proceedings to be conducted in English. The costs of the arbitration are to be borne by the parties to the dispute in such manner as the arbitrator shall direct in their arbitral award. |
| 2. | <b>Deletion of certain provisions relating to restrictions on share transfer</b> | Certain provisions relating to restrictions on share transfers are being removed, however, they will continue to apply until the listing of the Company.   |

**2. Rationale for the variation of the ESOP 2016:**

- (a) The amendments, including those mentioned herein (as Part A), are proposed to be undertaken in order to comply with the SEBI SBEB & SE Regulations on the listing of the Company, and make corresponding changes in the ESOP 2016.
- (b) The amendments, including those mentioned herein (as Part B), are proposed to be undertaken in order to provide ease of administration of options under the ESOP 2016.
- (c) The proposed amendments also contain certain editorial changes, and consistency changes.

Directors (other than the promoter directors and Independent Directors) and other Key Managerial Personnel of the Company and its subsidiary(ies), are deemed to be concerned or interested, to the extent of stock options granted/ to be granted pursuant to the ESOP 2016 and to the extent of their shareholding in the Company, if any.

None of the other Directors of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, require the Company to seek the approval of the members by way of special resolution for implementation of the amended ESOP 2016. Accordingly, the Board recommends the passing of the resolution set out at Item No. 3 by the way of special resolution.

**In respect of Item No. 4: AMENDMENT OF MUTHOOT MICROFIN LIMITED EMPLOYEE STOCK OPTION PLAN 2022**

Muthoot Microfin Limited ("Company") adopted the Muthoot Microfin Limited Employee Stock Option Plan 2022 ("ESOP 2022") which is being implemented by the Company

Based on the approval of the Board of Directors ("Board"), and subject to the approval of the Members, it is proposed that the ESOP 2022 be amended in order to comply with the regulatory requirements in terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") and certain other changes, to provide ease of administration of the options under the ESOP 2022 and which are not prejudicial to the interest of the current optionees of the Company.



The Resolutions contained at Item No.4 seek to obtain the approval of Members by way of a Special Resolution, for authorizing the Board to amend the ESOP 2022 and do all such acts, matters, deeds and things and to take all steps and do all things and give such directions as may be required, necessary, expedient, incidental or desirable for giving effect to the amendment of the ESOP 2022.

Copy of the amended ESOP 2022 of the Company will be open for inspection by the members at the Registered Office of the Company at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India on all working days, during business hours up to the date of the Meeting and will also be made available at the meeting.

Details of the key variations of the ESOP 2022 are provided below:

1. **Key Variations in the ESOP 2022:**

**PART - A**

It is proposed to include the following variations in the ESOP 2022 to bring it in compliance with the regulatory requirements in terms of the SEBI SBEB & SE Regulations:

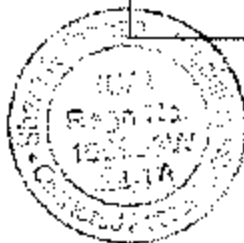
| Clause No. of ESOP 2022 | Provisions of the ESOP 2022  | Proposed Variations  |
|-------------------------|--|--|
| 2.1(ix)                 | <p><b>Definition of employee</b></p> <p>The ESOP 2022 defines Employee as the following:</p> <p>(i) a permanent employee of the Company working in India or out of India; or</p> <p>(ii) a director of the Company, whether a whole time director or not; or</p> <p>(iii) an employee as defined in sub-clauses (i) or (ii) of a Subsidiary of the Company, as applicable, in India or outside</p> <p>but does not include:</p> <p>a. an employee who is a promoter (as defined under Applicable Law) or a person belonging to the promoter group (as defined under Applicable Law); or</p> <p>b. a director who either himself or through his Relative or through any body corporate, directly or indirectly, holds more than</p> | <p>The definition of an employee, except in relation to sweat equity, has been revised under the SEBI SBEB &amp; SE Regulations to include an employee as designated by the company, who is <u>exclusively</u> working in India or outside India. Further, the ambit of an employee has been expanded to <u>include employees of group companies, including associate companies.</u> Consequently, stock options can be granted to employees of group companies, including associate companies as well.</p> <p>The ESOP 2022 is being revised to allow the grant of options to the employees of the associate and group company as well.</p> |



|          |  |  |
|----------|--|--|
|          | 10% (ten percent) of the Shares of the Company.<br>e. a Director being an Independent Director.  |  |
| 2.1(xii) | <b>Exercise Price</b><br><br>The exercise price under the ESOP 2022 means "the price payable by an Option Grantee in order to Exercise the Options granted to him in pursuance of the Plan."   | While a company is free to determine the exercise price, the exercise price is required to be in compliance with the accounting standards provided under Regulation 15 of the SEBI SBEB & SE Regulations.<br><br>The ESOP 2022 is being revised to provide that the exercise price under the ESOP 2022 would be in compliance with the accounting standards specified under the SEBI SBEB & SE Regulations, including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.   |
| 3.2      | <b>Addition of the maximum number of options which can be granted to an employee</b><br><br>The ESOP 2022 does not provide the maximum number of options which can be granted per employee.  | SEBI (SBEB & SE) Regulations requires the scheme to provide the quantum of options to be granted per employee.<br><br>The ESOP 2022 is being amended to meet this requirement  |
| 3.2      | <b>Power of the compensation committee/ nomination and remuneration committee</b><br><br>The ESOP 2022 provide for the administrative powers of the Compensation Committee. It provides for powers such as deciding the exercise period, quantum of options to be granted and the time within which the options may lapse. | As required under the SEBI SBEB & SE Regulations, the Compensation Committee has been provided the authority for formulation, implementation, administration and superintendence of the ESOP 2022. Further, post listing the Compensation Committee shall be constituted as required under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.<br><br>Under Schedule 1, Part B of the SEBI SBEB & SE Regulations, apart from the powers already provided, the Compensation Committee is also required to lay down, <i>inter alia</i><br><br>(a) the procedure for funding the exercise of options / SARs; and<br>(b) the procedure for buy-back of specified securities issued under the SEBI SBEB & SE regulations, if to be undertaken at any time by the company, and the applicable terms and conditions, including: (i) permissible sources of financing for |



|        |   |   |
|--------|---|---|
|        |   | <p>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.</p> <p>(c) In connection with Listing, the Committee shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time) and (c) any other applicable regulations as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Company and any Employee, as applicable.</p> <p>Clause 4.2 and 4.3 of the ESOP 2022 is being revised to provide the aforesaid power to the Compensation Committee.</p> |
| 7.1    | <p><b>Minimum vesting period of 1 (one) year in case of death or Permanent Disability</b></p> <p>The ESOP 2022 in relation to the 'Vesting Schedule' provides that: <i>"Options Granted under the 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, as decided by the Committee and set out in the Grant Letter."</i></p> | <p>The minimum vesting period of 1 (one) year is not applicable in case of death or permanent disability.</p> <p>The ESOP 2022 is being revised to provide the aforesaid clarification.</p>   |
| 7.7(d) | <p><b>Treatment of options in case of transfer or deputation to an associate company or Subsidiary or any company in the group</b></p> <p>Presently, the ESOP 2022 does not address how deputation or transfer of an employee's services to a third party by the Company would impact the optionee's rights under the ESOP 2022.</p>  | <p>In the event that an employee, who has been granted benefits under a scheme, is transferred or deputed to an associate company prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.</p>  |



|        |   |  |
|--------|---|--|
|        |   | The ESOP 2022 is being revised to account for the above requirement under the SEBI SBEB & SE Regulations.  |
| 8.2(b) | <p><b>Treatment of options in case of death or permanent incapacity</b></p> <p>Presently the ESOP 2022 provides that in the event that there is termination of employment due to death or permanent disability, the unvested options will be deemed to have vested and must be exercised within six months of death or permanent incapacity as the case may be.</p>                         | <p>The SEBI SBEB &amp; EB Regulations require a company implementing an employee stock option scheme to frame an appropriate policy with respect to death or permanent incapacity of an employee. Further, it is required that in cases of retirement of an employees, the unvested options shall vest in accordance with the company's policies and applicable laws.</p> <p>The ESOP 2022 is being revised to account for the above requirement under the SEBI SBEB &amp; SE Regulations.</p> |
| 17     | <p><b>Modification of the scheme</b></p> <p>Presently the ESOP 2022 provides that, "Subject to the prior approval of the shareholders of the Company and Applicable Laws, the Committee may, if it deems necessary, vary the terms of the Plan, including pursuant to meeting any regulatory requirements, for the purpose of efficient implementation and administration of the Plan."</p> | <p>Companies can vary the terms of the scheme to meet any regulatory requirement without seeking shareholders' approval under the SEBI SBEB &amp; SE Regulations.</p> <p>The ESOP 2022 is being revised to account for the above requirement under the SEBI SBEB &amp; SE Regulations.</p>   |
| 21.3   | <p><b>Disclosures required</b></p> <p>Presently, the ESOP 2022 does not provide for disclosures.</p>  | <p>Companies are required to make disclosures in terms of Part G of Schedule I of the SEBI SBEB &amp; SE Regulations.</p> <p>The ESOP 2022 is being revised to provide that the necessary disclosures will be made in terms of the SEBI SBEB &amp; SE Regulations at the time of grant, including as provided in Part G of Schedule I of the SEBI SBEB &amp; SE Regulations.</p>   |

#### PART - B

It is proposed to include the certain additional terms and to delete certain terms in the ESOP 2022 to provide ease of administration of the options under the ESOP 2022 and which are not prejudicial to the interest of the current optionees of the Company.

| S. No. | Particulars                    | ESOP 2022   |
|--------|--------------------------------|---|
| 1.     | Addition of dispute resolution | It is proposed that all disputes arising out of or in connection with ESOP 2022 shall be referred for arbitration to a sole arbitrator (not being an employee) to be appointed by the Committee with the consent of the concerned employee in |



|    |  |   |
|----|--|---|
|    |  | accordance with the provisions of the Arbitration and Conciliation Act, 1996, in force at the relevant time. The place of Arbitration proposed to be Kochi, India and the proceedings to be conducted in English. The costs of the arbitration are to be borne by the parties to the dispute in such manner as the arbitrator shall direct in their arbitral award. |
| 2. | <b>Deletion of certain provisions relating to restrictions on share transfer</b> | Certain provisions relating to restrictions on share transfers are being removed, however, they will continue to apply until the listing of the Company.  |

**3. Rationale for the variation of the ESOP 2022:**

- (a) The amendments, including those mentioned herein (as Part A), are proposed to be undertaken in order to comply with the SEBI SBEB & SE Regulations on the listing of the Company, and make corresponding changes in the ESOP 2022.
- (b) The amendments, including those mentioned herein (as Part B), are proposed to be undertaken in order to provide ease of administration of options under the ESOP 2022.
- (c) The proposed amendments also contain certain editorial changes, and consistency changes.

Directors (other than the promoter directors and Independent Directors) and other Key Managerial Personnel of the Company and its subsidiary(ies), are deemed to be concerned or interested, to the extent of stock options granted/ to be granted pursuant to the ESOP 2022 and to the extent of their shareholding in the Company, if any.

None of the other Directors of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, require the Company to seek the approval of the members by way of special resolution for implementation of the amended ESOP 2022. Accordingly, the Board recommends the passing of the resolution set out at Item No. 4 by the way of special resolution.

**//CERTIFIED TRUE COPY//  
FOR MUTHOOT MICROFIN LIMITED**



**NEETHU AJAY  
COMPANY SECRETARY AND COMPLIANCE OFFICER  
MEMBERSHIP NO. A34822**





**ANNEXURE B**  
**(i) ESOP 2016**

Our Company, pursuant to the resolutions passed by our Board on November 23, 2016 and our Shareholders on December 5, 2016, adopted the ESOP 2016. The ESOP 2016 was further amended by Board and Shareholders resolutions dated September 11, 2021 and September 29, 2021, respectively, and Board and Shareholders' resolutions each dated June 26, 2023 the objective of ESOP 2016 is to reward the employees for their association with our Company and their performance as well as to attract, retain, reward and motivate them to contribute to the growth and profitability of the Company. The ESOP 2016 is in compliance with the SEBI SBEB & SE Regulations.

Pursuant to the trust deed dated March 1, 2017 between our Company, Nadana Sabapathy R. and Subha Joseph, the ESOP Trust was constituted to administer, manage, fund and implement the ESOP 2016 and for the purpose of acquiring and holding options granted through the ESOP 2016.

As on the date of this Red Herring Prospectus, under ESOP 2016, an aggregate of 1,514,864 options have been granted (including an aggregate of 99,250 lapsed options), an aggregate of 12,22,682 options have been vested and an aggregate of 2,92,182 options have been unvested.

The following are the details of the Equity Shares issued under the ESOP 2016 on a quarterly basis:

| <b>Quarter ended</b>                              | <b>Aggregate number of Equity Shares issued pursuant to exercise of vested employee stock options granted under ESOP 2016</b> | <b>Price range at which Equity Share was issued (₹)</b> |
|---|---|---|
| June 30, 2020                                     | Nil   | Nil   |
| September 30, 2020                                | Nil   | Nil   |
| December 31, 2020                                 | Nil   | Nil   |
| March 31, 2021                                    | Nil   | Nil   |
| June 30, 2021                                     | 1,68,750  | 14-67   |
| September 30, 2021                                | 45,750  | 14-67   |
| December 31, 2021                                 | Nil   | Nil   |
| March 31, 2022                                    | Nil   | Nil   |
| June 30, 2022                                     | Nil   | Nil   |
| September 30, 2022                                | Nil   | Nil   |
| December 31, 2022                                 | Nil   | Nil   |
| March 31, 2023                                    | Nil   | Nil   |
| June 30, 2023                                     | Nil   | Nil   |
| September 30, 2023                                | Nil   | Nil   |
| October 1, 2023 till the date of this certificate | 15,000  | 67-77.20  |



The details of ESOP 2016, are as follows:

| Particulars  | Details     |  |             |                                 |                                 |   |
|--|-------------|--|-------------|---------------------------------|---------------------------------|---|
|  | Fiscal 2021 | Fiscal 2022  | Fiscal 2023 | Six months period ended Sept'22 | Six months period ended Sept'23 | From October 1, 2023 till the date of this Certificate  |
| Options granted  | Nil         | 4,79,864   | Nil         | Nil                             | 71,000                          | Nil   |
| Options vested   | 2,31,250    | 62,500   | 1,03,341    | Nil                             | Nil                             | 1,10,591  |
| Options exercised  | Nil         | 2,14,500   | Nil         | Nil                             | Nil                             | 15,000  |
| Exercise price (in ₹)  | NA          | 166,250 options at the rate of ₹14 per option and 48,250 options at the rate of ₹67 per option | NA          | NA                              | NA                              | 5,000 options at the rate of ₹67 per option and 10,000 options at the rate of ₹77.20 per option |
| Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) | 5,64,750    | 7,85,864   | 7,61,239    | 7,70,614                        | 8,01,864                        | 7,86,864  |
| Options forfeited/lapsed/cancelled   | Nil         | 44,250   | 24,625      | 15,250                          | 30,375                          | Nil   |
| Options outstanding (including vested and unvested options)  | 5,64,750    | 7,85,864   | 7,61,239    | 7,70,614                        | 8,01,864                        | 7,86,864  |
| Variation of terms of options  | Nil         |  |             |                                 |                                 |   |
| Money realized by exercise of options during the year/period   | Nil         | 55,60,250  | Nil         | Nil                             | Nil                             | 11,07,000   |
| Total number of options in force   | 5,64,750    | 7,85,864   | 7,61,239    | 7,70,614                        | 8,01,864                        | 7,86,864  |
| Employee wise details of options granted to:   |             |  |             |                                 |                                 |   |
| (i) Key Managerial Personnel and Senior Management Personnel   | Nil         | Sadar Sayeed - 80,000<br>Udeesh Ullas - 45,000<br>Praveen T. - 48,000<br>Neethu Ajay - 28,864  | Nil         | Nil                             | Nil                             | Nil   |



| Particulars  | Details     |   |             |                                 |  |  |
|--|-------------|---|-------------|---------------------------------|--|--|
|  | Fiscal 2021 | Fiscal 2022   | Fiscal 2023 | Six months period ended Sept'22 | Six months period ended Sept'23  | From October 1, 2023 till the date of this Certificate |
|  |             | Subhransu Pattnayak - 35,000<br>Jinsu Joseph - 15,000 |             |                                 |  |  |
| (ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year | Nil         | Nil   | Nil         | Nil                             | Deepu S - 5000<br>Justine George - 7500<br>Kinnary Pillai - 4000<br>Lakshman Vema - 8000<br>Manju K - 5000<br>Mofet Joseph - 4000<br>Nithin S - 4000<br>Popuri Promod - 7500<br>Prabhath M P - 4000<br>Santhosh Kumar K - 8000<br>Vinayak Nadesh - 7500<br>Vinodchandran Nair V - 4000 | Nil  |





| Particulars   | Details                                  |   |             |                                 |  |  |
|---|--|---|-------------|---------------------------------|--|--|
|   | Fiscal 2021                              | Fiscal 2022   | Fiscal 2023 | Six months period ended Sept'22 | Six months period ended Sept'23  | From October 1, 2023 till the date of this Certificate |
| (iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant   | Nil                                      |   |             |                                 |  |  |
| Diluted EPS pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings Per Share'  | 0.62                                     | 3.94  | 11.66       | 0.91                            | 14.22  | NA   |
| Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and EPS of the Company   | The Company's ESOP Plan is at fair value |   |             |                                 |  |  |
| Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option | NA                                       | 1. Weighted Average Price per Share - ₹77.2<br>2. Expected Volatility - 50.53%<br>3. Vesting Period - 4 years<br>4. Risk-free interest rate - 5.67% | NA          | NA                              | 1. Weighted Average Price per Share - ₹196.7<br>2. Expected Volatility - 51.09%<br>3. Vesting Period - 4 years<br>4. Risk-free interest rate - 7.03% | NA   |



| Particulars  | Details  |                             |             |                                 |                                 |  |
|--|--|-----------------------------|-------------|---------------------------------|---------------------------------|--|
|  | Fiscal 2021  | Fiscal 2022                 | Fiscal 2023 | Six months period ended Sept'22 | Six months period ended Sept'23 | From October 1, 2023 till the date of this Certificate |
|  |  | 5. Expected dividends - Nil |             |                                 | 5. Expected dividends - Nil     |  |
| Impact on profits and EPS of the last three years if the accounting policies prescribed in the SEBI SBEB & SE Regulations had been followed in respect of options granted in the last three years  | As per Regulation 15 of SEBI SBEB & SE Regulations, Company is already following the disclosure requirements of the Accounting Standards notified by the Central Government in terms of Section 133 of Companies Act, 2013         |                             |             |                                 |                                 |  |
| Intention of the Key Managerial Personnel and Senior Management Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares pursuant to the Offer                                      | Key Managerial Personnel and Senior Management Personnel do not intend to sell any Equity Shares within three months after the date of listing of the Equity Shares allotted on exercise of options allotted pursuant to ESOP 2016 |                             |             |                                 |                                 |  |
| Intention to sell Equity Shares arising out of an employee stock option scheme within three months after the date of listing of Equity Shares, by directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) | At the time of grant, no employee received options that equalled or surpassed 1% of Company's issued capital (excluding outstanding warrants and conversions) therefore clause is not applicable.                                  |                             |             |                                 |                                 |  |



## (ii) ESOP 2022

Our Company, pursuant to the resolutions passed by our Board on May 10, 2022 and our Shareholders on August 24, 2022, adopted the ESOP 2022. The ESOP 2022 was further amended by our Board and Shareholders resolutions each dated June 26, 2023. The objective of ESOP 2022 is to retain the key talents working with our Company by way of rewarding their high performance and motivating them to contribute to the overall corporate growth and profitability of the Company. The ESOP 2022 is in compliance with the SEBI SBE & SE Regulations.

Pursuant to the trust deed dated March 1, 2017 between our Company, Nadana Sabapathy R. and Subha Joseph, the ESOP Trust was constituted to administer, manage, fund and implement the ESOP 2022 and for the purpose of acquiring and holding options granted through the ESOP 2022.

As on the date of this Red Herring Prospectus, under ESOP 2022, an aggregate of 2,702,647 options have been granted (including an aggregate of 36,000 lapsed/cancelled options), an aggregate of 6,43,375 options have been vested and an aggregate of 20,59,272 options have been unvested.

The following are the details of the Equity Shares issued under the ESOP 2022 on a quarterly basis:

| Quarter ended                                     | Aggregate number of Equity Shares issued pursuant to exercise of vested employee stock options granted under ESOP 2022 | Price range at which Equity Share was issued (₹) |
|---|--|--|
| September 30, 2022                                | Nil  | Nil  |
| December 31, 2022                                 | Nil  | Nil  |
| March 31, 2023                                    | Nil  | Nil  |
| June 30, 2023                                     | Nil  | Nil  |
| September 30, 2023                                | Nil  | Nil  |
| October 1, 2023 till the date of this certificate | Nil  | Nil  |

The details of the ESOP 2022, are as follows:

| Particulars  | Details     |             |             |                         |                         |  |
|--|-------------|-------------|-------------|-------------------------|-------------------------|--|
|  | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Six month ended Sept'22 | Six month ended Sept'23 | From October 1, 2023 till the date of this Certificate |
| Options granted  | NA          | NA          | 24,65,500   | Nil                     | 2,37,147                | Nil  |
| Options vested   | NA          | NA          | Nil         | Nil                     | Nil                     | 6,07,375   |
| Options exercised  | NA          | NA          | Nil         | Nil                     | Nil                     | Nil  |
| Exercise price (in ₹)  | NA          | NA          | NA          | NA                      | NA                      | NA   |
| Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) | NA          | NA          | 24,65,500   | NA                      | 26,66,647               | 26,66,647  |
| Options forfeited/lapsed/cancelled   | NA          | NA          | Nil         | NA                      | 36,000                  | Nil  |





| Particulars   | Details     |             |                               |                         |                              |  |
|---|-------------|-------------|-------------------------------|-------------------------|------------------------------|--|
|   | Fiscal 2021 | Fiscal 2022 | Fiscal 2023                   | Six month ended Sept'22 | Six month ended Sept'23      | From October 1, 2023 till the date of this Certificate |
| Options outstanding (including vested and unvested options)   | NA          | NA          | 24,65,500                     | NA                      | 26,66,647                    | 26,66,647  |
| Variation of terms of options   | Nil         |             |                               |                         |                              |  |
| Money realized by exercise of options during the year/period  | NA          | NA          | Nil                           | Nil                     | Nil                          | Nil  |
| Total number of options in force  | NA          | NA          | 24,65,500                     | NA                      | 26,66,647                    | 26,66,647  |
| Employee wise details of options granted to:  |             |             |                               |                         |                              |  |
| (i) Key Managerial Personnel and Senior Management Personnel  | NA          | NA          | Sadaf Sayeed - 650,000        | NA                      | Sadaf Sayeed - 40,000        | NA   |
|   |             |             | Udeesh Ullas - 232,000        |                         | Udeesh Ullas - 40,000        |  |
|   |             |             | Praveen T. - 200,000          |                         | Praveen T. - 40,000          |  |
|   |             |             | Neethu Ajay - 100,000         |                         | Neethu Ajay - 40,147         |  |
|   |             |             | Subhransu Pattnayak - 150,000 |                         | Subhransu Pattnayak - 40,000 |  |
|   |             |             | Jinsu Joseph - 45,000         |                         |                              |  |
| (ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year  | NA          | NA          | Nil                           | Nil                     | Nil                          | Nil  |
| (iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant | Nil         |             |                               |                         |                              |  |
| Diluted EPS pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings Per Share'  | 0.62        | 3.94        | 11.66                         | 0.91                    | 14.22                        | NA   |



| Particulars   | Details  |             |   |                         |   |  |
|---|--|-------------|---|-------------------------|---|--|
|   | Fiscal 2021  | Fiscal 2022 | Fiscal 2023   | Six month ended Sept'22 | Six month ended Sept'23   | From October 1, 2023 till the date of this Certificate |
| Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and EPS of the Company   | Company ESOP Plan is at fair value   |             |   |                         |   |  |
| Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option | NA   | NA          | 1. Weighted Average Price per Share - ₹151<br>2. Expected Volatility - 52.28%<br>3. Vesting Period - 4 years<br>4. Risk-free interest rate - 7.34%<br>5. Expected dividends - Nil | NA                      | 1. Weighted Average Price per Share - ₹196.7<br>2. Expected Volatility - 51.09%<br>3. Vesting Period - 4 years<br>4. Risk-free interest rate - 7.03%<br>5. Expected dividends - Nil | NA   |
| Impact on profits and EPS of the last three years if the accounting policies prescribed in the SEBI SBEB & SE Regulations had been followed in respect of options granted in the last three years   | As per Regulation 15 of SEBI SBEB & SE Regulations, Company is already following the disclosure requirements of the Accounting Standards notified by the Central Government in terms of Section 133 of Companies Act, 2013 |             |   |                         |   |  |





| Particulars  | Details     |             |             |                         |                         |  |
|--|-------------|-------------|-------------|-------------------------|-------------------------|--|
|  | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Six month ended Sept'22 | Six month ended Sept'23 | From October 1, 2023 till the date of this Certificate   |
| Intention of the Key Managerial Personnel and Senior Management Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares pursuant to the Offer                                      |             |             |             |                         |                         | Key Managerial Personnel and Senior Management Personnel do not intend to sell any Equity Shares within three months after the date of listing of the Equity Shares allotted on exercise of options allotted pursuant to ESOP 2022 |
| Intention to sell Equity Shares arising out of an employee stock option scheme within three months after the date of listing of Equity Shares, by directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) |             |             |             |                         |                         | At the time of grant, no employee received options that equaled or surpassed 1% of Company's issued capital (excluding outstanding warrants and conversions) therefore the clause is not applicable.                               |

