

MUTHOOT MICROFIN LIMITED

**Reg. Office: 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051
CIN: L65190MH1992PLC066228**



Microfin Limited Employee Stock Option Plan 2022

Microfin Limited

MUTHOOT MICROFIN LIMITED

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

CIN: L65190MH1992PLC066228

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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 (SBE & 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.
- iv. "**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: L65190MH1992PLC066228 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.
- 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 any body 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

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;

- xxvii. **“Retirement”** means retirement as per the applicable rules of the Company.
- xxviii **“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;

- 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;

- (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.

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.

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

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	Resignation / termination (other than due to 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	Termination due to Misconduct	All the Vested Options at the time of such termination shall stand cancelled with effect from the date of such termination.	All the Unvested Options at the time of such termination shall stand cancelled with effect from the date of such termination.
3	Retirement	All the Vested Options as on date of Retirement 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. 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 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. 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 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. 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	Abandonment of employment	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.

- (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.

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**
05th 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-----