

Employee Stock Option Plan 2023

Fusion Finance Limited



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### PART A: STATEMENT OF RISKS

An investment in Equity Shares / Options is subject to risk as the value of Equity Shares may go down or go up. You should carefully consider all the information in this Scheme, including the risks and uncertainties described below, before making an investment in the Equity Shares. If profitability and financial condition of the Company gets affected, the price of our Equity Shares / Options could decline and you may lose all or part of your investment in the Equity Shares / Options. Unless specified or quantified in the Scheme, we are not in a position to quantify the financial or other implication of any of the risks.

In addition, Options are subject to the following additional risks:

1. **Concentration:** The risk arising out of any fall in value of Shares is aggravated if the Employee's holding is concentrated in the Shares of a single Company.
2. **Leverage:** Any change in the value of the Share can lead to a significantly larger change in the value of the Options.
3. **Illiquidity:** The Options cannot be transferred to anybody and therefore the Employees cannot mitigate their risks by selling the whole or part of their benefits before they are exercised.
4. **Vesting:** The Options will lapse if the employment is terminated prior to vesting. Even after the Options are vested, the unexercised Options may be forfeited if the Employee is terminated for gross misconduct.



## PART B: INFORMATION ABOUT THE COMPANY

### 1. Business Profile of the Company

Fusion Finance Limited (formerly known as Fusion Micro Finance Limited) was incorporated on September 05, 1994 and is presently having its registered office at H – 1, C Block, Community Centre, Naraina Vihar, New Delhi – 110028.

#### **Present Business activities of the Company are as follows:**

Microfinance and related activities

#### **Main Objects of the Company as stated in the Memorandum of Association of the Company are as follows:**

1. To advance, deposit, or lend money, securities and property, (not amounting to the business of banking as defined under the Banking Regulation Act, 1949) to or with such persons, firms or bodies corporate as the Company thinks fit and in particular to customers and other having dealings with the Company and on such terms as may seem expedient, and to discount, buy, sell and deal in bills, notes, warrants, coupons and other negotiable or transferable securities or documents and to guarantee the performance of any contract by any such person.
2. To carry on the business of Micro Finance and provide finance to the weaker sections.
3. To carry on the business of financing development activities through long term loans and other means of financing upon such terms and conditions as the company may think fit for the purposes of:
  - (i) Agricultural development which includes land acquisition and development, irrigation, watershed development, crop cultivation, plantation, horticulture, forestry, animal husbandry and allied activities, such as dairy, poultry, fishery, aqua culture and floriculture.
  - (ii) Industrial development which includes agro-processing, mining and quarrying, water, power and renewable sources of energy, manufacturing, handicrafts, construction, distribution, transport, and services of all kinds.
  - (iii) Market related activities such as marketing of agricultural, poultry, cottage industry, handicraft or other hand made items, fishing, livestock and industrial outputs, providing facilities for storage, trading and transport for inputs and outputs.
  - (iv) Housing development such as purchase, construction, extension and modification of buildings and infrastructure facilities for residential, agricultural, commercial or industrial purposes.
4. To carry on and undertake the business of being an intermediary for distribution of financial services and products such as mutual funds, life and general insurance products of other insurance companies etc. subject to the rules and regulations prescribed by the Insurance Regulatory and Development Authority, Reserve Bank of India, SEBI and such other authorities as may be applicable from time to time.



## **2. Abridged Financial Information**

The financial information of the Company including Balance Sheet, Profit and Loss Statement, Cash Flow Statement and Auditors report for the last 5 (Five) years for which audited financial information along with last audited accounts is available at the website of the Company at a given below link:

<https://fusionfin.com/investor-relations/#annual-reports>

## **3. Risk Factors for the Company**

The Company's business is subject to various generic risks and industry specific risks including those specified below:

### **3.1 Sensitivity to Foreign Exchange Fluctuation**

Since the company is dealing in Indian Currency only and all the funding, disbursement, collection, recovery is in Indian Currency only, there is no impact of Foreign Exchange fluctuation on the Company.

### **3.2 Risk of Increase in NPAs:**

Our management of credit risk involves having appropriate credit policies, underwriting standards, approval processes, loan portfolio monitoring, collection and remedial management, provisioning policies and an overall architecture for managing credit risk. However, even if our credit monitoring and risk management policies and procedures are adequate and appropriately implemented, we may not be able to anticipate future economic or financial developments or downturns, which could lead to an increase in our NPAs. If our NPAs increase or the credit quality of our borrowers deteriorate, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

### **3.3 Cost/ Time Overrun:**

Controlling time and cost overrun of the operations is very crucial in achieving successful completion of any projects. In case there is extension in estimated time and cost beyond the projected limit can decrease the profits of the Company.

### **3.4 Industry Specific Risks:**

Change in government regulations or their implementation could disrupt the operations and adversely affect the business and results of the Company, due to which Company may incur increased cost and penalties.

### **3.5 Dynamic scenario:**

Change in technology may render our current technology obsolete and require us to make substantial investment which could affect the Company finance and operation.

### **3.6 Political instability or changes in the Government in India or in the Government of the states**



**where we operate could cause us significant adverse effects:**

We are incorporated in India and most of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulation and conditions in the various states in India where we operate. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will be continued. Any political instability could affect the rate of economic liberalisation, specific laws and policies affecting foreign investment, the power industry or investment in our Equity Shares. A significant change in the government's policies, in particular, those relating to our field, could adversely affect our business, results of operations, financial condition and prospects and could cause the price of our Equity Shares to decline.

**3.7 Risk arising from changes in interest rates and banking policies:**

Increased interest rates will have a bearing on profitability and credit controls will have an effect on our liquidity and will have serious effects on adequate working capital requirements.

The above risks and uncertainties include but are not limited to risks and uncertainties relating to dependencies on few customers and suppliers, changes in the regulatory framework, adverse development in the any of the customer industries to whom substantial part of the product is given, reputational risk, compliance risk, operational risk, downgrading of credit worthiness, political instability, legal restrictions and general economic conditions affecting the industry.

**4. Continuing Disclosure Requirement:**

- 4.1** The Grantee shall be entitled to receive copies of all the documents that are sent to the Members of the Company. This shall include the annual accounts of the Company as well as notices of the meetings and the accompanying explanatory statements



## PART C: FUSION EMPLOYEE STOCK OPTION PLAN 2023 (“ESOP 2023”)

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

- 1.1 This Employee Stock Option Plan shall be called the ‘Fusion Employee Stock Option Plan 2023’ (“ESOP 2023”/ “Plan”).
- 1.2 The objective of the ESOP 2023 is to reward the Employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Plan to attract and retain key talents in the organization. The Company views this Plan as instrument that would enable sharing the value with the Employees they create for the Company in the years to come.
- 1.3 The ESOP 2023 is established with effect from March 26, 2023 and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOP 2023 have been issued and exercised, whichever is earlier.
- 1.4 The Board may subject to compliance with Applicable Laws, at any time terminate the ESOP 2023.
- 1.5 Any such termination of the ESOP 2023 shall not affect Options already granted and such Options shall remain in full force and effect as if the ESOP 2023 had not been terminated unless mutually agreed otherwise between the Grantee / Nominee / Legal Heirs and the Company.

### 2. Definitions and Interpretation

#### 2.1 Definitions

- i. **“Abandonment”** means absence of an Employee from work in contravention to the company’s leave policy for an unreasonable period of time.
- ii. **“Applicable Law”** means every law relating to Employee Stock Options, including, without limitation to, the Companies Act, 2013, SEBI (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) Regulations, 2021, and all relevant tax, securities, exchange control or corporate laws of India.
- iii. **“Associate Company”** shall have the same meaning as defined in section 2(6) of the Companies Act, 2013, as amended from time to time.
- iv. **“Board”** means the Board of Directors of the Company.
- v. **“Body Corporate”** shall have the same meaning as defined in section 2(11) of the Companies Act, 2013, as amended from time to time.
- vi. **“Cash Mechanism”** means a route under which the Grantee will receive the Shares equivalent to the number of the Options exercised after the Grantee has made the payment of the Exercise Price and applicable tax in accordance with the terms and conditions of the Scheme and as mentioned in grant letter.





- vii. **“Committee”** means Nomination and Remuneration Committee of the Company constituted by the Board and designated as Compensation Committee for the purpose of monitoring, administering, superintending, and implementing the Scheme in compliance with SEBI (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) Regulations.
- viii. **“Company”** means Fusion Finance Limited.
- ix. **“Company Policies/ Terms of Employment”** mean the Company’s policies for Employees and the terms of employment as contained in the employment letter and any other rules / bye-laws issued from time to time.
- x. **“Competitor”** means (i) Satin Creditcare Network Limited; (ii) SV Creditline Pvt. Ltd.; (iii) Utkarsh Small Finance Bank Limited and (iv) Sonata Finance (P) Ltd. (v) CreditAccess Gramin Limited
- xi. **“Corporate action”** means a change in the capital structure of the Company as a result of Bonus Issue, Rights Issue, Split of Shares and Consolidation of Shares.
- xii. **“Director”** means a member of the Board of the Company.
- xiii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for granting the Options to the Employees.
- xiv. **“Employee”** means
- (a) an employee as designated by the Company, who is exclusively working in India or outside India; or
  - (b) a director of the Company, whether a Whole Time Director or not, including a non-executive director who is not a Promoter or member of the Promoter Group, but excluding an Independent Director; or
  - (c) an employee, as defined in sub-clauses (i) or (ii) above, of a Subsidiary Company in India or outside India, or of a Holding Company of the Company;
- but does not include
- (a) an employee who is a Promoter or a person belonging to the Promoter Group; or
  - (b) a director who either himself or through his Relative or through any Body Corporate directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.
- xv. **“Employee Stock Option or 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, directly or indirectly, at a pre-determined price.





- xvi. **“Employee Stock Option Agreement”** means a document or letter in regard to confirmation of ESOP Grant issued to an employee, giving him / her the right but not the obligation, to buy a certain number of equity shares of the issuer company, for a pre-determined price & in pursuance to other conditions as specified therein.
- xvii. **“ESOP 2023” or “Plan”** means the Fusion Employee Stock Option Plan 2023 under which the Company is authorized to grant Employee Stock Options to the Employees.
- xviii. **“Exercise”** of an Option means making of an application by the Grantee to the Trust for transfer of Shares against Vested Options in pursuance of the ESOP 2023, in accordance with the procedure laid down by the Company for exercise of Options.
- xix. **“Exercise Period”** means such time period after Vesting within which the Employee should Exercise the Options vested in him in pursuance of the ESOP 2023.
- xx. **“Exercise Price”** means the price, if any, payable by the Grantee in order to Exercise the Options granted to him in pursuance of the ESOP 2023.
- xxi. **“Fusion Employee Benefit Trust”** means an employee welfare trust, which is set-up by the Company under the provisions of Indian Trust Act, 1882, including any statutory modification or re-enactment thereof for the purpose of implementing Employee Stock Option Plans of the Company.
- xxii. **“Fair Value”** means value of Rights attached to Options determined by an Independent Valuer or any other method as adopted by the Board of Directors or Committee in pursuance to the Accounting Policies applicable & adopted by the Company.
- xxiii. **“Grant”** means the process by which Options are issued to the Employees under the ESOP 2023.
- xxiv. **“Grant Date”** means the date on which the Committee approves the grant.
- xxv. **“Grantee” or “Option Grantee”** shall mean an Employee having a right but not obligation to exercise an Options granted under the ESOP 2023.
- xxvi. **“Holding Company”** shall have the same meaning as defined in section 2(46) of the Companies Act. 2013, as amended from time to time.
- xxvii. **“Independent Director”** shall have the same meaning as defined in regulation 16 of SEBI (SBEB & SE) Regulations, 2021, as amended from time to time.
- xxviii. **“Market Price”** means the latest available closing price on a recognized stock exchange on which the Shares of the Company are listed on the date immediately prior to the relevant date.

Explanation – if the Shares of the Company are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price.



- xxix. **“Long Leave”** means an approved leave taken by the Grantee for a period of more than 90 days out of twelve months starting from the date of grant / vesting, as the case may be.

Provided that for the period of long leave shall not include the period in which the Grantee is on a sabbatical or maternity leave. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Long Leave unless otherwise determined by the Committee.

- xxx. **“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 wrong doing, misfeasance, or violation of any rule, regulation or law which was expected to be abided by the Employee.

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

- xxxii. **“Promoter”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;, as amended from time to time.

- xxxiii. **“Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;, as amended from time to time..

- xxxiv. **“Relative”** shall have the same meaning as defined in section 2(77) of the Companies Act. 2013, as amended from time to time.

- xxxv. **“Relevant date”** means the date of the meeting of the Committee on which the grant is made.

In case of exercise, the date on which the notice of exercise is given to the Company or to the trust by the employee.

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

- xxxvii. **“SEBI (SBEB & SE) Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.

- xxxviii. **“SEBI (LODR) Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include all alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.





## 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/ sub-clause number is a reference to clause sub-clauses of this Plan;
- 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) Any word which is not defined under the Scheme shall be interpreted in line with SEBI (SBEB & SE) Regulations, the Securities Contracts (Regulation) Act, 1956, SEBI (LODR) 2015, the Companies Act, 2013.

## 3. Authority and Ceiling

- 3.1 The maximum number of options that may be granted under **ESOP 2023** shall not exceed 60,00,000 (Sixty Lakhs only), with each such Option conferring a right upon the Employee to apply for one Share of the Company, in accordance with the terms and conditions of such issue and subject to the provisions of ESOP 2023.
- 3.2 The Pool in Sub- clause 3.1 above, shall be acquired by the Trust by way of direct allotment from the Company, unless the Committee decides to change the mode of acquisition.
- 3.3 If an Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Stock Options pool as mentioned in Sub-clause 3.1 and shall become available for future Grants, subject to compliance with all Applicable Laws.
- 3.4 Where Shares transferred by the Trust consequent upon Exercise of an Employee Stock Option under the ESOP 2023, the maximum number of Shares that can be transferred under ESOP 2023 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of such Share transferred.
- 3.5 Further, the maximum number of Options that can be granted and the Shares arise upon exercise of these Options shall stand adjusted in case of corporate action.
- 3.6 The Company reserves the right to increase such number of Options and Shares as it deems fit, in accordance with the applicable laws.

## 4. Implementation and Administration

- 4.1 The primary mode of implementation of the scheme shall be through Trust Route wherein the Trust shall acquire the Shares by direct allotment from the Company.

In future, if the Committee decides to change the mode of implementation, the Committee may do so after complying with the applicable provisions as per Companies Act, 2013 and SEBI (SBEB & SE) Regulations, 2021, as amended from time to time.



Provided further that if the scheme(s) involves secondary acquisition or gift or both, then it shall be mandatory for the company to implement such scheme(s) through a trust(s) or any other mode as prescribed in SEBI (SBEB & SE) Regulations, 2021, as amended from time to time.

- 4.2 The Shares so acquired by the Trust will be transferred to the Grantees as and when the Options are exercised.
- 4.3 Subject to applicable laws, the ESOP 2023 shall be administered by the Committee which shall delegate all of its administrative powers to the Trust for implementation of the Scheme.
- 4.4 The Committee is authorized to interpret the ESOP 2023, to establish, amend and rescind any rule(s) and regulation(s) relating to ESOP 2023 and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme.
- 4.5 Any decision of the Committee in the interpretation and administration of the ESOP 2023, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or Employee and their Nominees / Legal heirs).
- 4.6 All questions of interpretation of the ESOP 2023 or any Employee Stock Option shall be determined by the Committee, as the case may be and such determination shall be final and binding upon all persons having an interest in the ESOP 2023 or in any Employee Stock Option issued thereunder. The Committee may at its discretion, entrust any other aspects of administration to the Trust to the extent desirable and permitted under the Applicable Laws.
- 4.7 The Committee shall in accordance with Applicable Laws, inter-alia, have the powers to do the following:
- i. To adopt rules and regulation for implementing the Scheme from time to time.
  - ii. delegate its duties and powers in whole or in part as it may decide from time to time to any person or sub-Committee.
  - iii. To decide upon granting of Options which were lapsed, forfeited or surrendered under any provisions of the Scheme.
  - iv. To increase the pool of Options to be granted under Scheme.
  - v. To increase the pool of Shares to be issued under Scheme.
  - vi. To determine the mode of acquisition of Shares by the Trust.
  - vii. To identify the Employees eligible to participate in the Scheme.
  - viii. To finalize the eligibility criteria for grant of Options.
  - ix. To determine the Employees eligible for grant of Options.
  - x. To determine the number of Options to be granted to each Grantee and in aggregate subject to the pool of Options of the Scheme.
  - xi. To decide upon granting of Options to new Joinees.
  - xii. To determine the grant date.
  - xiii. To grant Options to one or more eligible Employees.
  - xiv. To calculate the exercise price after giving discount on the market price, if deems fit.
  - xv. To determine the conditions under which the Options may vest in the Employees and may lapse in case of termination of employment for misconduct or otherwise.
  - xvi. To decide the Exercise Period within which Employees can Exercise the Option.





- xvii. To decide the procedure for funding the exercise of options
- xviii. To decide the specified time period within which Employees can Exercise the Vested Options in the event of termination or resignation.
- xix. To determine the Grant, Vesting and Exercise of Options for Employees on Long Leave.
- xx. To determine the right of an Employee to Exercise all Vested Options at one time or at various points in time within the Exercise Period.
- xxi. To decide the vesting period subject to minimum and maximum period of vesting as stated in Scheme.
- xxii. To determine the vesting schedule for each Grantee.
- xxiii. To finalize the eligibility criteria for vesting of Options.
- xxiv. To determine the Employees eligible for vesting of Options.
- xxv. To decide upon the mode and manner of exercise.
- xxvi. To allot Shares to the Trust.
- xxvii. To decide upon granting of loan to the Trust to purchase the Shares of the Company.
- xxviii. To decide upon appropriation of unappropriated inventories, which are not backed by Grant up to second subsequent financial year.
- xxix. To decide upon treatment of vested and unvested Options in cases of cessation of employment as specified in the Scheme.
- xxx. To decide upon the treatment of vested and unvested Options in the event of Corporate Actions taking into consideration the following:
- the number and price of Options shall be adjusted in a manner such that the total value to the Grantee of the Options remains the same after the Corporate Action;
  - the vesting period and the life of Options shall be left unaltered as far as possible to protect the rights of the Grantee who has been granted such Options.
- xxxi. To cancel all or any granted Options in accordance with the Scheme.
- xxxii. To modify the vesting schedule or accelerate the vesting of Options on a case to case basis, subject to completion of minimum 1 year from the date of grant.
- xxxiii. To decide upon treatment of vested and unvested Options in cases of dispute between the Grantee and Company.
- xxxiv. To finalize letters and other documents, if any, required to be issued under the Scheme.
- xxxv. To re price the Options which are not exercised, whether or not they have been vested, if the Options rendered unattractive due to fall in the price of the Shares in the market.
- xxxvi. To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme.
- xxxvii. To terminate the Scheme.
- xxxviii. To appoint such agents as it shall deem necessary for the proper administration of the Scheme.
- xxxix. To determine or impose other conditions to the grant of Options under the Scheme, as it may deem appropriate.
- xl. To determine the procedure for cashless exercise of Options, if deems fit.
- xli. To frame suitable policies and procedure to ensure that there is no violation of securities laws, including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 as amended, by the Company or the Employees.
- xl. To determine the procedure for buy-back of Options Granted under the Scheme, if to be



undertaken at any time by the Company, and the applicable terms and conditions in accordance with the Applicable Law.

- 4.8 The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board, subject to the rules and regulations as may be in force. The Board may further provide that the Committee shall exercise certain powers only after consultation with the Board and in such case, the said powers shall be exercised.
- 4.9 A member of the Committee shall abstain from participating in and deciding on any matter relating to grant of any Options to himself.

## **5. Fusion Employees Benefit Trust**

- 5.1 Fusion Employees Benefit Trust is the Trust established by the Company, which hold the Shares of the Company for the purpose of extending benefits of the Scheme to the Employees.
- 5.2 The Trust shall acquire the Shares by way of fresh allotment from the Company. The Trust shall utilize such Shares for the purpose of transferring them to the Grantees upon exercise of the Options under the Scheme.
- 5.3 Company may implement several Employee Benefit Scheme through the Trust.
- 5.4 The Trust will keep and maintain proper books of account, records and documents, for the Scheme so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and in particular give a true and fair view of the state of affairs of Scheme.
- 5.5 Any person can be appointed as a trustee of the Trust, except in cases where such person:
- is a Director, Key Managerial Personnel or Promoter of the Company or its Holding, Subsidiary or Associate Company or any relative of such Director, Key Managerial Personnel or Promoter; or
  - beneficially holds ten percent or more of the paid-up share capital or the Voting rights of the Company
- 5.6 The Trustees of the Trust, shall not vote in respect of the Shares held by such Trust, so as to avoid any misuse arising out of exercising such voting rights.
- 5.7 The Trust shall not deal in derivatives, and shall undertake only delivery-based transactions for the purposes of secondary acquisition as permitted by SEBI (SBEB & SE) Regulations 2021.
- 5.8 For the purposes of disclosures to the stock exchange, the shareholding of the Trust shall be shown as 'non-promoter and non-public' shareholding.



- 5.9. The Trust shall transfer the Shares to Grantees in the manner specified in the trust deed. The Trustee(s) of the Trust shall administer the transfer of Shares to the Grantee as per the directions of the Committee and as stipulated in the Scheme.
- 5.10. For the purpose of acquisition of Shares by the said Trust, the Trust may be funded by the Company, either through a loan or any other form of financial assistance permissible under Applicable Laws. Further, the Trust may take loan from banks or any other person/source under Applicable Laws.
- 5.11. The amount of loan to be provided for implementation of the Scheme by the Company to the Trust shall not exceed the maximum limit of 5% of the paid-up equity capital and free reserves as provided in Companies Act, 2013. The loan shall be repayable by the Trust in quarterly intervals subject to availability of the funds received pursuant to exercise of stock options under the Scheme and in accordance with the relevant provisions of the applicable laws & regulations. The utilization of such loan shall be for the objects of the Trust as mentioned in the trust deed. The Trust shall repay the loan to the Company by utilising the proceeds realised from exercise of Options by the Grantees and the accruals of the Trust at the time of duration or termination of the Scheme.

Provided that the above limit of 5% shall be taken on consolidated basis for all Employee Benefit Scheme(s) as may be undertaken by the Company from time to time.

- 5.12. The Trust shall not become a mechanism for trading in Shares and hence shall not sell the Shares in the secondary market except as provided in Regulation 3(15) of SEBI (SBEB & SE) Regulations.
- 5.13. The Committee may decide on the mode of acquisition of the scheme subject to the conditions as specified in SEBI (SBEB & SE) Regulations, 2021, as amended from time to time and subject to the condition that such a change is not prejudicial to the interests of the employees.
- 5.14. In case the mode of acquisition is changed to Secondary Acquisition, the following conditions along with other conditions prescribed in SEBI (SBEB & SE) Regulations, 2021, as amended from time to time, shall be complied with:
- i. Secondary acquisition in a financial year by the trust shall not exceed the limits as prescribed in SEBI (SBEB & SE) Regulations, 2021 or any amendment thereof;
  - ii. The total number of shares under secondary acquisition held by the trust shall at no point of time exceed the limits as prescribed in SEBI (SBEB & SE) Regulations, 2021 or any amendment thereof;
  - iii. The trust shall be required to hold the shares acquired through secondary acquisition for a minimum period of six months or any other time limit as prescribed in SEBI (SBEB & SE) Regulations, 2021 or any amendment thereof, except where they are required to be transferred in the circumstances enumerated in SEBI (SBEB & SE) Regulations, 2021 or any amendment thereof.
- 5.15. The un-appropriated inventory of Shares which are not backed by grants, acquired through secondary acquisition by the Trust, shall be appropriated latest by the end of the subsequent financial year or the second subsequent financial year subject to approval of the Committee for such extension to the second subsequent financial year or any other time period as specified by SEBI (SBEB & SE) Regulation 2021.



## 6. Eligibility and Applicability

- 6.1 The Committee may on the basis of all or any of the following criteria, decide on the Employees who are eligible for the grant of Options under the Scheme and the terms and conditions thereof.
- Loyalty: It will be determined on the basis of tenure of employment of an Employee in the Company/Subsidiary Company/Holding Company.
  - Performance of Employee: Employee's performance during the financial year on the basis of the parameters decided by the Committee.
  - Performance of Company: Performance of the Company as per the standards set by the Board.
  - Any other criteria as decided by the Committee in consultation with the Board from time to time.
- 6.2 The Employees satisfying the eligibility criteria shall be termed as eligible Employees.
- 6.3 New Joinees can also participate in the Scheme and be granted Options based upon the discretion of the Committee.
- 6.4 Nothing in the Scheme or in any Option granted pursuant to the Scheme shall confer on any Employee, any right to continue in the employment of the Company or interfere in any way with the right of the Company to terminate the Employee's employment at any time
- 6.5 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.

## 7. Grant of Options

- 7.1 Grant of Employee Stock Options shall be evidenced by the Employee Stock Option Agreement in such form, as the Committee shall from time to time determine. Such Agreement shall be deemed to incorporate all the terms of the ESOP 2023, as if the same were set out therein. In the event of inconsistency between the Agreement and the ESOP 2023, the ESOP 2023 shall prevail.
- 7.2 Subject to availability of Options, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. The Committee may decide to grant such number of Options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to any eligible Employee as the case may be, subject to the separate approval of the Shareholders in a general meeting.
- 7.3 No amount shall be payable by an Employee at the time of grant of Options.
- 7.4 Upon grant, an eligible Employee shall become Grantee under the Scheme.
- 7.5 Subject to the corporate action(s) taken by the Company, if any, the grant of 1 (One) Option to



an Employee under this Scheme shall entitle the holder of the Option to apply for 1 (One) Share in the Company upon payment of exercise price, applicable taxes and other charges, if any.

- 7.6 The Options granted to the eligible Employees shall not be transferable to any other person.
- 7.7 The Options granted to the eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.

## **8. Vesting Schedule and Vesting Conditions**

- 8.1. Employee Stock Options granted under ESOP 2023 shall vest not before **1 year from the Grant Date** and not after maximum Vesting Period of **6 years** from the date of grant of such Options. The exact proportion in which the options would vest and vesting period shall be determined by the Committee, subject to minimum vesting period of one year from the date of grant of options and maximum vesting period as above.
- 8.2. Vesting of Options would be subject to continued employment with the Company, including Subsidiary Company(ies), Holding Company, as the case may be, and thus the Options would vest essentially on passage of time. In addition to time based vesting of options, the Committee, in its discretion, at the time of each grant, may lay down performance metrics on the achievement of which the granted options would vest, the details terms and conditions relating to such performance based vesting and proportion in which options are granted under ESOP 2023 would vest (subject to minimum and maximum vesting period as above).
- 8.3. The vesting schedule will be clearly defined in the grant letter of respective Grantees subject to minimum and maximum vesting period as specified in article 8.1 above.
- 8.4. Vesting period can be varied from Grantee to Grantee as per the discretion of the Committee whose decision shall be final and binding.
- 8.5. Further any fraction entitlement, to which the Grantee would become entitled to upon vesting of Options, then the Options to be actually vested be rounded off to the nearest lower integer.
- 8.6. Vesting of Options in case of Employees on long leave
- 8.6.1. The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sickleave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Committee.
- 8.7. The Committee shall have the power to modify or accelerate the vesting schedule on a case-to-case basis subject to the minimum gap of 1 (One) Year between the grant and first vesting.

## **9. Power to accelerate vesting in certain cases**

- 9.1 The Committee shall have the power to accelerate vesting of all Unvested Options, within the meaning of this Plan.



- (i) 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.

**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 year as per Applicable Laws.

- 9.2 In case after approval of acceleration of Vesting of Unvested Options by the Committee, there occurs no event, as the case may be, on consideration of which Committee had approved such acceleration, such nonoccurrence 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 normal Vesting Schedule.

## 10. Exercise

- 10.1 After vesting, Options can be immediately exercised within the exercise period, either wholly or in part, through cash mechanism under which the Grantee will receive the Shares equivalent to the number of the Options exercised in accordance with the terms and conditions of the Scheme and as mentioned in grant letter after the Grantee has made the payment of the Exercise Price, applicable income tax and other charges, if any.
- 10.2 The Vested Options can be exercised by the Employees within the Exercise Period of 8 years from the date of vesting of Options.
- 10.3 The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or to the Trust or by any other means as decided by the Committee, for the transfer of Equity Shares against the Options vested in him, subject to Applicable Laws.
- 10.4 The mode and manner of the exercise shall be communicated to the Grantees individually.
- 10.5 Upon valid exercise, the Trust will transfer Shares to the Grantees.
- 10.6 Upon such transfer the Grantee shall become a member of the Company.
- 10.7 Failure to comply within this time period, shall result in lapsing of Vested Options in the hands of Grantee. The amount paid by the Employee, if any, for the Exercise of Options may be refunded, if the Options are not Exercised by the Employee within the Exercise Period.
- 10.8 Notwithstanding anything contained elsewhere in the Scheme, the Trust in consultation with the Company, may not transfer Shares, in the event of the Grantee being found to be involved in fraud, misfeasance, moral turpitude, misconduct, gross negligence, breach of trust and in such an event(s) the rights under the Options (whether vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company.
- 10.9 If the vesting or exercise of Options is prevented by any law or regulation in force and/or the Trust is forbidden to transfer Equity Shares pursuant to exercise of Options under such law or regulation, then in such an event the Company or the Trust shall not be liable to compensate the Grantee in any



manner whatsoever.

10.10 The Committee shall have the power to cancel all or any of the Options granted under the Scheme, if so required, under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, the Company shall not be liable to compensate the Grantee in any manner.

## 11. Exercise Price

11.1 Under the Scheme the exercise price shall be determined as per SEBI (SBEB & SE) Regulations, 2021, while ensuring the following principals:

11.1.1 The exercise price of the Shares will be based upon market price.

11.1.2 The Board or Committee has a power to provide suitable discount on such price as arrived above. However, in any case the exercise price shall not go below the par value of Share of the Company.

11.2 Further, Committee has the power to re-price the grants in future if the grant made under the Scheme is rendered unattractive due to the fall in the price of Shares, after complying the conditions as mentioned in the SEBI (SBEB & SE) Regulations.

11.3 Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in the name of the Trust, or in such other method as decided by the Committee.

11.4 The tax amount arising at the time of exercise of Options shall be paid at the time of exercise as per the discretion of the Grantee, by a Cheque, Demand Draft in the name of the Company, or in such other method as decided by the Committee.

## 12. Cessation of Employment

12.1 Subject to proviso mentioned below in the Table, Vested Options and Unvested Options may be exercised as under:

S. No.	Events of Separation	Vested Options	Unvested Options





1	<b>Resignation / termination (other than due to Misconduct or due to breach of Company Policies/ Terms of Employment)</b>	<p>All the Vested Options as on the date of resignation/ termination can be exercised by the Option Grantee immediately but not later than the effective date of such resignation / Termination.</p> <p>The vested Options not so exercised shall lapse irrevocably and the rights there under shall be extinguished.</p>	All the Unvested Options as on date of resignation/ termination shall stand <b>cancelled</b> with effect from that date.
2	<b>Termination due to Misconduct or due to breach of Company Policies /Terms of Employment</b>	All the Vested Options at the time of such termination shall stand <b>cancelled</b> with effect from the date of such termination.	All the Unvested Options at the time of such termination shall stand <b>cancelled</b> with effect from the date of such termination.
3	<b>Retirement / Superannuation</b>	All the Vested Options as on date of Retirement can be exercised by the Option Grantee <b>within 3 months</b> from the date of <b>last working</b> day with the Company.	All Unvested Options on the date of retirement shall stand <b>cancelled</b> with effect from that date.
4	<b>Death</b>	All the Vested Options as on date of death can be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than <b>12 months</b> from the date of death of the Grantee.	All the Unvested Options as on date of death shall be deemed to have been vested and accordingly, such Options can be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than <b>12 months</b> from the date of death of the Option Grantee.



5	<b>Permanent Incapacity</b>	In the event of separation of a Grantee from the Company due to reasons of Permanent Incapacity the Grantee may Exercise his or her Vested Options immediately after Permanent Incapacity but in no event later than <b>12 months</b> from the date of separation from employment.	In the event of separation of a Grantee from the Company due to reasons of Permanent Incapacity the Grantee may Exercise his or her Unvested Options immediately after Permanent Incapacity but in no event later than <b>three years</b> from the date of separation from employment.
6	<b>Abandonment*</b>	All the Vested Options shall stand <b>cancelled</b> .	All Unvested Options shall stand <b>cancelled</b> .
7	In the event that a Grantee is transferred or deputed to an Associate Company prior to vesting or exercise of Options	The vesting and exercise of Options, as per the terms of grant, shall continue in case of such transferred or deputed Grantee even after the transfer or deputation.	
8	In the event of a Grantee going on <b>Long Leave</b>	The treatment of Options granted to him/her, whether vested or not, shall be determined by the Committee, whose decision shall be final & binding	
9	In the event where a <b>Dispute arises between Grantee and the Company,</b>	Vesting and/or exercise of Options will be put on hold till the date of settlement, to the satisfaction of the Committee.	
10	<b>Termination due to reasons apart from those mentioned above</b>	All the Vested Options as on date of such termination shall stand <b>cancelled</b> unless otherwise decided by the Committee and such decision shall be final.	All Unvested Options on the date of such termination shall stand <b>cancelled</b> unless otherwise required by Applicable Laws.

**12.2** The Committee may modify the terms for cessation of employment as mentioned in the foregoing para above.

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

**12.4** **Provided that,** all the exercisable Vested Options in case of separation for any reason mentioned

above, can be exercised within such period ("Notified Period") comprising of not less than 30 days, as may be notified by the Board or Committee. For effecting this, the Company shall issue notice to the Option Grantee, legal heir or nominee as the case may be, at their registered address available in the records of the Company for the 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.

### **13. Restriction on transfer of Options**

13.1 Employee Stock Options shall not be transferable to any person except in the event of death / permanent incapacity of the Option Grantee, in which case clause 12 would apply.

13.2 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 / permanent incapacity of the Option Grantee holder, in which case clause 12 would apply.

### **14. Lock-in Period of Shares**

The lock-in period, if any, on the Shares transferred to the Grantees arising out of exercise of Vested Options, shall be determined by the Committee in accordance with the provisions of this scheme and applicable laws.

### **15. Corporate Actions**

15.1 Except as hereinafter provided, any grant made shall be subject to adjustment, by the Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'corporate action' as defined herein.

15.2 If there is a 'corporate action' of the Company before the Options granted under this Scheme are exercised, the Grantee shall be entitled on exercise of the Options, to such number of resultant Shares to which he/she would have been entitled as if all of the then outstanding Options exercised by him/her, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a corporate action, the Committee, subject to the provisions of applicable laws, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of Options, exercise price and make any other necessary amendments to the Scheme for this purpose. The vesting period and life of the Options shall be left unaltered as far as possible.

15.3 In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options granted and not exercised before such reconstitution / amalgamation / sell-off, shall be exercised as per the terms and conditions determined in the relevant Scheme of such reconstitution / amalgamation / sell-off.

15.4 In the event of a dissolution or liquidation of the Company, any vested Options outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be

payable in respect of the Options so cancelled.

#### 16. Other Terms and Conditions

- 16.1 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.
- 16.2 The Employee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a Shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are transferred on Exercise of such Employee Stock Option.
- 16.3 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 Employee Stock Option and becomes a registered holder of the Shares of the Company.
- 16.4 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 15 of ESOP 2023.
- 16.5 The maximum quantum of benefits that will be provided to every eligible Employee under the Scheme will be the difference between the market value of Company's Share on the Stock Exchanges as on the Date of Exercise of Options and the Exercise Price paid by the Employee.
- 16.6 The Grantee shall abide by the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 as may be amended from time to time, Company's Code of Conduct for prevention of insider trading and Code of practices and procedures for fair disclosure of unpublished price sensitive information adopted by the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015. Further, the Grantee shall indemnify and keep indemnified the Company in respect of any direct or indirect liability arising as a result or consequence of the violation of above, if applicable.

#### 17. Tax Liability

17.1 The exercisable Options are subject to the applicable provisions of the Income tax Act, 1961.

17.2 There would be following points of Taxation on the Employee:

**Point 1:** At the time of exercise, the difference between the market price of the Shares as on date of exercise and the exercise price will be added as a perquisite under salary in the month of exercise. The Grantee will be liable to pay the taxes at the individual slab rate in which he falls.

**Point 2:** At the time of sale of the Shares of the company by the Grantee. On selling of the Shares, the concerned employee would be liable to income tax as per the applicable provisions of the laws at the time of sale of the Shares.

**18. Authority to vary terms**

18.1 For the purpose of efficient implementation and administration of the Plan, the Committee 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 approval of shareholders.

18.2 The Committee shall not vary the terms of the schemes in any manner, which may be detrimental to the interests of the Employees:

Provided that the Committee shall be entitled to vary the terms of the schemes to meet any regulatory requirements.

**19. Miscellaneous**

**19.1 Government Regulations**

The ESOP 2023 shall be subject to all Applicable Laws, and approvals from government authorities. The Grant and the allotment of Shares under this ESOP 2023 shall also be subject to the Company requiring Employees to comply with all Applicable Laws.

**19.2 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.

19.3 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.

19.4 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).

19.5 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. 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.

19.6 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).

19.7 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.

## 20. Notices

20.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2023 shall be in writing. The communications shall be made by the Company in any one or more of the following ways:

20.1.1 Sending communication(s) to the address of the Option Grantee available in the records of the Company; and/ or

20.1.2 Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; and/ or

20.1.3 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.

20.2 All notices of communication to be given by an Option Grantee to the Company in respect of ESOP 2023 shall be sent to the address mentioned below:

Designation : Head – Human Resources

Address : Fusion finance Limited

H – 1, C Block, Community Centre, Naraina Vihar, New Delhi – 110028.

## 21. Nomination

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

## 22. Accounting and Disclosures

22.1 The Company shall comply with the disclosures requirements and the accounting policies prescribed under Regulation 15 of the SEBI (SBEB & SE) Regulations, 2021 or as may be prescribed by regulatory authorities from time to time. The cost of equity-settled transactions i.e. Stock options settled by issue of equity is determined by the fair value at the date when the grant is made using an appropriate valuation model as per accounting policies applicable on the company from time to time.

22.2. That cost is recognized in employee benefits expense over the period in which service conditions are fulfilled, together with a corresponding increase in employee stock option plan reserve in other equity. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

22.3 Service conditions are not taken into account when determining the grant date fair value of awards,





but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

## 23. **Governing Laws**

23.1 This Scheme and all related documents there under shall be governed by and construed in accordance with the SEBI (SBEB & SE) Regulations and other Applicable Law.

23.2 The terms and conditions of the ESOP 2023 shall be governed by and construed in accordance with the laws of India including the Income Tax Laws and Foreign Exchange Laws mentioned below.

### 23.2.1 Income Tax Laws

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

### 23.2.2 Foreign Exchange Laws

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

## 24. **Jurisdiction**

24.1 The Courts in New Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2023.

24.2 Nothing in this clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2023: (i) in any other court of competent jurisdiction; or (ii) concurrently in more than one jurisdiction.

## 25. **Severability**

25.1 In the event any one or more of the provisions contained in this ESOP 2023 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 2023, but ESOP 2023 shall be construed as if such invalid, illegal, or unenforceable provision had never been set forth herein, and the ESOP 2023 shall be carried out as nearly as possible according to its original intent and terms.

## 26. **Confidentiality**



- 26.1 An Option Grantee must keep the details of the ESOP 2023 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this confidentiality Clause, the Company has undisputed right to terminate any agreement and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this clause, the Committee shall have the authority to deal with such cases as it may deem fit.
- 26.2 On acceptance of the grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Plan or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.



Amendments in Part C of the ESOP 2023 is stated below:

Existing Clause	Existing Provisions	New Clause	New Provisions
2.1 viii	"Company" means Fusion Micro Finance Limited	2.1 viii	"Company" means Fusion Finance Limited
3.1	The maximum number of options that may be granted under ESOP 2023 shall not exceed 10,00,000* (Ten Lakhs only), with each such Option conferring a right upon the Employee to apply for one Share of the Company, in accordance with the terms and conditions of such issue and subject to the provisions of ESOP 2023.	3.1	The maximum number of options that may be granted under ESOP 2023 shall not exceed 60,00,000 (Sixty Lakhs only), with each such Option conferring a right upon the Employee to apply for one Share of the Company, in accordance with the terms and conditions of such issue and subject to the provisions of ESOP 2023.
8.1	Employee Stock Options granted under ESOP 2023 shall vest not before 1 year from the Grant Date and not after maximum Vesting Period of 4 years from the date of grant of such Options.	8.1	Employee Stock Options granted under ESOP 2023 shall vest not before 1 year from the Grant Date and not after maximum Vesting Period of 6 years from the date of grant of such Options. The exact proportion in which the Options would vest and vesting period shall be determined by the Committee, subject to the minimum Vesting Period of one year from the date of Grant of Options and Maximum Vesting period as above.
8.2	Vesting of Options would be subject to continued employment with the Company, including Subsidiary Company(ies), Holding Company, as the case may be, and thus the Options would vest essentially on passage of time. In addition to this, the Committee may also specify certain performance criteria subject to satisfaction of which the Options would vest.	8.2	<p>Vesting of Options would be subject to continued employment with the Company, including Subsidiary Company(ies), Holding Company, as the case may be, and thus the Options would vest essentially on passage of time.</p> <p>In addition to time-based vesting of option, the Committee, in its discretion, at the time of each Grant, may lay down certain performance metrics on the achievement of which the granted Options would vest, the detailed terms and conditions relating to such performance based Vesting, and the proportion in which Options are granted under ESOP 2023 would vest (subject to the minimum and maximum Vesting Period as specified above).</p>
14.	The shares transferred to the grantees arising out of exercise of vested options, shall not be subject to any lock-in restrictions	14.	The lock in period, if any, on the shares transferred to the grantees arising out of exercise of vested options, shall be determined by the Committee in accordance with the provisions of this scheme and applicable laws.
<b>Other amendments</b>			
the reference to the name of the Company-Fusion Micro Finance Limited be substituted by Fusion Finance Limited pursuant to the approval of the members of the Company by way of postal ballot resolution passed on June 09, 2024 and fresh certificate of incorporation dated issued by Registrar of Companies, NCT of Delhi & Haryana on July 09, 2024.			