

PURPLE FINANCE LIMITED

PURPLE FINANCE LIMITED EMPLOYEE STOCK OPTION SCHEME 2022

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1. Name of the Scheme

This scheme will be called the Purple Finance Employee Stock Option Scheme, 2022 (“**Purple Finance ESOP Scheme 2022**”) as approved by the Board of Directors of the Company at its meeting held on September 17, 2022 and approved by members of the Company at Extra Ordinary General Meeting held on September 19, 2022.

This scheme comes into effect from the date of the first grant made by the Nomination and Remuneration Committee (“**Committee**”) held for this purpose.

2. Purpose of the Scheme

The purpose of the Purple Finance ESOP Scheme 2022 is to promote the success of the Company and the interest of its shareholders by rewarding, attracting, motivating, and retaining Employees for high levels of individual performance, for efforts to improve the financial performance of the Company. This purpose will be achieved through the grant of Options to the Employees under the ESOP Scheme.

3. Definitions

- i. “**Board**” means the Board of Directors of Purple Finance Limited.
- ii. “**Book value of a share**” means book value of a share based on audited accounts or accounts based on limited review by auditors and certified by the auditors as at the end of calendar quarter or as at the end of a specified date.
- iii. “**Closing Date**” means the last date on which the offer of Options by the Company to a Grantee can be accepted.
- iv. “**Company**” shall mean Purple Finance Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 11, Indu Chambers, 1st Floor, 349/353, Samuel Street, Vagdadi, Masjid Bunder (West), Mumbai- 400003.
- v. “**Committee**” means Nomination and Remuneration Committee of the Board consisting of three members or such higher number as may be determined by the Board from time to time.
- vi. “**Eligible Employees**” shall mean Employees and Joining Employees who are identified by the Committee as eligible for Grant of Options.
- vii. “**Employee**” means (i) an employee as designated by the company, who is exclusively working in India or outside India; or (ii) a director of the company,

whether a whole time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; it 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 per cent of the outstanding equity shares of the company

- viii. **“Employee Stock Option”** means the Option given to Employees of the Company which gives such Employees, the benefit or right to purchase or subscribe at a future date, to the shares of Company at a predetermined price or pricing formula.
- ix. **“Employee Stock Option Scheme (ESOS)”** means this scheme under which the Company grants Employee Stock Options.
- x. **“ESOS Shares”** means Shares arising out of Exercise of Options granted under ESOS.
- xi. **“Exercise”** means making of an application by the Grantee to the Company for issue of Shares against the Options vested in him in pursuance of the Scheme.
- xii. **“Exercise Window”** means a period intimated by the Committee to Grantee or Grantees during which such Grantee to whom Exercise Window is intimated is expected take steps for exercise of Options and a failure to exercise of Options during such period or extended or revised period may result in lapse of options not exercised during the Exercise Window.
- xiii. **“Exercise Period”** means a period within which options have to be exercised, from the date of vesting.
- xiv. **“Exercise Price”** means the purchase price of each Option as determined in accordance with Para 7, payable by the Grantee to the Company for exercising the Option granted to him in pursuance of the Scheme.
- xv. **“Financial Year”** means the period beginning from April 1 to March 31 or any other modified period approved by the Board.
- xvi. **“General Meeting”** means a general meeting held by the Company under the Companies Act, 2013.
- xvii. **“Grant”** means the issue of Options to an Employee under the Scheme.
- xviii. **“Grantee”** means an Employee who receives an offer of Options from the Company under the Scheme duly approved by the Committee.

- xix. **“Independent Director”** means a Director of the Company, not being a whole time Director or Director nominated by Institution/s or investors and who is neither a Promoter nor belongs to the Promoter group, as appointed pursuant to Section 149 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- xx. **“Joining Employees”** shall mean persons joining the Company on or after 17th September, 2022.
- xxi. **“Long Leave”** means a sanctioned leave in excess of 60 days without break.
- xxii. **“Market Price/Fair Market Price”** means the latest available closing price, prior to the date of the meeting of the Board of Directors/Committee in which options are granted on the Stock Exchange on which the shares of the Company are listed. If the Shares are listed on more than one Stock Exchange, then the Stock Exchange where there is highest trading volume on the said date should be considered. If the shares are not listed on the stock exchange, the fair market value computed by the Registered Valuer/Merchant Bankers at the time of grant.
- xxiii. **“Misconduct”** as defined in the service rules of the company or the employee(s) of the Company who have left the employment or whose employment has been ceased within a period of 02 (two) years from the date of relieving from the Company either due to termination other than the misconduct or breach of policies or otherwise or resignation, as per the assessment of the Management: (i) induces or attempts to induce or poach any other existing employee, consultant or agent to leave the employment or association with the Company, or hire any such employee, consultant or agent in any business in any capacity; (ii) makes any statement or spreads rumors disparaging the Company, any principal officer, director, shareholder, employee, consultant or agent thereof, to any person, firm, corporation or other business organization whatsoever; (iii) accepts any employment or engagement as Consultant or accepts a place of profit with any competitor of the Company or directly or indirectly competes with the Company’s business.
- xxiv. **“Offer Date”** means the date on which the Committee makes an offer of Option to an Employee.
- xxv. **“Option”** means a right but not an obligation to apply for Shares of the Company in pursuance of the Scheme at the exercise price determined in accordance with Para7.
- xxvi. **“Promoter”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

- xxvii. **“Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Provided that where the promoter or promoter group of the Company is a body corporate, the promoters of that body corporate shall also be deemed to be promoters of the Company for the purposes of this Scheme.
- xxviii. **“Share”** means an equity share having a nominal par value of Rs. 10/- in the share capital of the Company and of such an amount per share as may be specified in the Memorandum and Articles of Association of the Company from time to time.
- xxix. **“Superannuation”** in relation to an Employee means the attainment by the Employee of such age as is fixed in the conditions of service as the age on the attainment of which the Employee shall vacate his employment; and in any other case, the attainment by the Employee of the age of 60 years or as maybe extended/decided by the Committee/Board.
- xxx. **“Stock Exchange”** means anybody of individuals, whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in Securities as defined under the Securities Contracts (Regulation) Act.
- xxxi. **“Unvested Option”** means an Option which is not a Vested Option.
- xxxii. **“Vesting”** means the process by which the Grantee is given the right to apply for Shares of the Company against the Option granted to him in pursuance of the Scheme.
- xxxiii. **“Vesting Period”** means the period during which the Vesting of the Option Granted to the Grantee in pursuance of the Scheme takes place.
- xxxiv. **“Vested Option”** means an Option which has vested with the Grantee and has thereby become exercisable.
- xxxv. Words employed in the masculine gender shall include the feminine also.
- xxxvi. **“Year”** means a period of 12 months.

4. Jurisdiction and governing laws

The Scheme shall be governed by the laws of India as amended from time to time and shall be subject to the jurisdiction of the appropriate courts at Mumbai.

5. Share Limits

The aggregate maximum number of Shares that may be issued pursuant to exercise of Options granted to the Grantee under this Scheme shall not exceed 34,53,293 shares of the face value of Rs.10/- each in the Capital of the Company.

6. Administration of Scheme and power of the Committee

i. Committee (Nomination and Remuneration Committee)

The Scheme will be administered by the Nomination and Remuneration Committee (Committee) constituted by the Board and authorized for this purpose. The Nomination and Remuneration Committee is designated as the compensation committee for the purposes of the SEBI (Share Based Employee Benefits) Regulations, 2014. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase/decrease the size of the Committee and appoint members thereof, remove members (with or without cause) and appoint new members in substitution thereof and fill vacancies however caused. The Board will oversee this function till such time the committee is formed.

ii. Powers of the Committee

The Committee will *inter alia* have the authority to:

1. Supervise, administer and determine the terms and conditions of the Scheme in accordance with the SEBI (Share Based Employee Benefits Regulations), 2014;
2. Determine eligibility of Employees to participate under the Scheme;
3. Grant Options to eligible Employees and determine the date of grant;
4. Determine the number of Options to be granted to an Employee and the type of allocation as regards the exercise price;
5. Determine 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 issue, bonus issue, merger, restructuring, transfer of undertaking, sale of a division or other capital or corporate restructuring involving the Company; and grant bonus options, if considered necessary;
6. Construe and interpret this Scheme and any agreements defining the rights and obligations of the Company and eligible Employees under this Scheme, further

define the terms used in this Scheme and prescribe, amend and rescind rules and regulations relating to the administration of the Scheme. However, it shall be ensured re-pricing, if any, shall not be detrimental to the interest of Employees;

7. Determine matters relating to grant, vesting and exercise of Options in case of Employees on long leave.
8. Determine the procedure for cashless exercise of options.
9. Determine the number of tranches in which options are to be granted and number of options to be granted in each such tranche.
10. To approve allotment of shares on exercise of the option by grantee from time to time subject to such condition, if any prescribed by the Board of Directors of the Company.
11. Exercise such other powers as are provided elsewhere in this scheme.

All decisions made by the Committee in the matter referred to above shall be final, conclusive and binding upon all persons including the Company, any Grantee, any member and any Employee. No member of the Committee or the Board shall be liable for any action or determination made in good faith with respect to the Scheme or any Option granted there under.

7. *Exercise Price*

The exercise price may vary for each Grant. Exercise price will be determined by the Committee at the time of each grant. The Committee may determine exercise price which may be at the market value on the date of allotment but shall not be less than the face value of shares,

At the time of exercise of Options, a further amount may be required to be paid by the Grantee as required by Income Tax rules, from time to time. The Company shall also deduct (collect) TDS on the difference between the fair market price of share or market value of Share on the date of exercise of option and exercise price, as maybe required by law.

8. *Eligibility*

- (i) In determining the eligible Employees to whom Options are to be Granted, as well as in determining the number of Options to be granted and the type of allocation as regards the exercise price, the Committee may consider length of service, grades, cost to the company, performance appraisals and for Senior Management Group on the basis of overall annual performance and such other factors as the Committee shall deem relevant for accomplishing the purpose of the Scheme. New joinees in Senior Management Group are also eligible and the Committee shall decide the eligibility based on competency and

experience and such other factors as it may consider relevant for accomplishing the purpose of the Scheme.

- (ii) A Director who either by himself or through his relative or directly or indirectly holds more than 10 percent of the outstanding equity shares of the Company shall not be eligible to participate in the Scheme. Further, an Employee who is a Promoter or belongs to the Promoter Group shall not be eligible to participate in the Scheme. Independent director is also not eligible to participate in the Scheme.

9. *Grant of Options*

- (i) The Committee may offer Options to eligible Employees in accordance with the terms and conditions of the Scheme for the time being in force.
- (ii) The offer of Options by the Committee to the eligible Employees shall be made in writing and communicated to the said Employees. Such an offer shall state the number of Options offered to the Employee, the Offer Price and the closing date for accepting the Offer.
- (iii) The closing date shall be not less than 7 (seven) days and not more than 60 (sixty) days from the offer date.
- (iv) Any Grantee who fails to return the duly accepted and signed acceptance letter on or before the closing date shall, unless the Committee determines otherwise, be deemed to have rejected the offer and any acceptance received after the closing date shall not be valid. The Committee may at its discretion extend the closing date.
- (v) The aggregate grant of options to the eligible employees shall not exceed 15% (amounting to 34,53,293 equity shares of Rs. 10/- face value) of the issued and paid up capital of the Company with a proviso that the grant of options shall reduce progressively to 8% of the expanded capital by March 2025.
- (vi) An offer of Options made to a Grantee shall be personal to him and shall not be assignable or transferable.

10. *Method of acceptance*

- (i) No person other than the Grantee would be entitled to accept the offer in full or in part. Any Grantee who wishes to accept an offer made pursuant to Para 9 must deliver an acceptance, in such form as the Committee may from time

to time prescribe, duly completed and signed as required therein, to the Committee on or before the closing date stated in the offer.

- (ii) Upon receipt of a duly completed and signed acceptance form in respect of an offer from a Grantee, the Committee shall allocate the accepted Options to the Grantee and shall issue the Grantee a statement, in such form as the Committee may from time to time prescribe, showing the number of Options to which the Grantee is entitled pursuant to the acceptance of such offer and the number of Shares with type of allocation as regards the exercise price for which the Grantee will be entitled to subscribe pursuant to such Options.

11. *Non-transferability of Options*

- (i) The Options granted to a Grantee under the terms of this Scheme shall not be transferable to any person and it shall not be sold, assigned, pledged, hypothecated, mortgaged or otherwise transferred or alienated in any manner, other than by execution of a will or through succession in favour of legal heirs in case of death of the Grantee. The Options granted to a Grantee under this Scheme may be exercised during the life of the Grantee, only by the Grantee.
- (ii) The Employee may appoint his/her spouse and/or child as nominees for the purpose of exercising the rights, subject to the obligations, in terms of the scheme. The Employee has the right to revoke such nomination at any time and a fresh nomination may be made on such revocation. If the employee does not have spouse or a child, any other legal representative maybe nominated. The nominee specified as aforesaid shall alone be entitled to exercise the rights of the Employee concerned and Company shall not be liable in relation to any rights and obligations amongst the legal heir's interest of the Employee concerned.
- (iii) If the Employee fails to make a nomination, the Shares shall vest on his/her legal heirs in the event of his/her death as per the procedure specified by the Committee.
- (iv) The Committee shall have the discretion to specify the lock-in period (if required) for the Shares issued to the Employees pursuant to the exercise of the Option.

12. Vesting of Options

- (i) The options granted to Employees and Joining Employees under the Scheme, shall vest as follows:

Year 2	Year 3	Year 4	Year 5
25%	25%	25%	25%

- (ii) Vesting schedule shall not commence before the expiry of one year and may extend upto such period from the date of each individual grant as may be decided by the Committee.

13. Exercise of Options on listing of shares on stock exchanges

- (i) The Options granted under the Scheme and subsequently vested with the Grantee shall be exercisable by the Grantee within exercise period specified at the time of Grant. Exercise period shall be as may be decided by the Committee in respect of each grant.
- (ii) Notwithstanding anything else contained in this Scheme all Options granted to the Grantee and vested with him shall not be exercisable after the exercise period.
- (iii) In case the last day of any exercise period falls on Sunday/Holiday then the subsequent working day will be considered as last day of exercise period.
- (iv) The minimum number numbers of Options to be exercised will be 100 or residual whichever is greater.
- (v) The gap between two exercises shall be not less than 30 days. The Committee may relax this condition at its discretion.

14. Notice of Exercise

- (i) All Grantees shall deliver a duly signed written notice of exercise, in the prescribed form, to the Committee within the exercise period setting forth the number of Options desired to be exercised, the exercise date, the method of payment of the exercise price and such other particulars as the Committee may prescribe from time to time.
- (ii) The notice of exercise referred to in Para 14 (i) shall be delivered to the Committee within the time limit as may be prescribed before the Date of meeting of Board for the purpose of allotment of Shares related to Options

that may be exercised by the Grantee under the Scheme.

- (iii) Grantees may notify their intention to exercise vested options. The Committee shall inform Grantees, thereafter, exercise window during which grantees may tender their exercise forms.

15. *Payment of Exercise Price*

Upon Exercise of the Options, the exercise price in respect of the Shares to be issued against the Options shall be payable by the Grantee to the Company in full. Such a payment shall be made in DD/Cheque/IMPS/NEFT/RTGS.

16. *Lapse of Options*

- (i) In the event of termination of the Grantee's employment with the Company for any reason other than death, permanent disability, superannuation, cause, resignation and long leave he may, within 30 days after the date of termination, exercise his Vested Option, as on the date of such termination. The number of Options which have vested with the Grantee and which are not exercised by him within the aforesaid time period shall lapse. The Unvested Options of the Grantee as on such date shall lapse.
- (ii) In the event of the death of a Grantee in the course of service with the Company, all the Options granted to him, including the Options that remain unvested, shall vest with his successors immediately. The successor of the Grantee under this Scheme shall be entitled to exercise such Options vested with the Grantee as on the date of his death and the unvested Options vested with successors on death of the grantee, within a period of 12 month, from the date of death of the grantee. All vested Options, not exercised within the above specified period shall lapse.
- (iii) In the event of termination of the Grantee's employment with the Company as a result of his permanent disability, all the Options granted to him till the date of such permanent disability, shall vest in him immediately. The Grantee shall be entitled to exercise such Options vested in him within a period of 12 months from the date of such permanent disability. All Vested Options, not exercised within the above specified period, shall lapse.
- (iv) In the event of Grantee retiring on attaining the retirement age or due to Superannuation, all options granted shall vest on expiry of twelve months from the date of grant of options. The Grantee shall be entitled to exercise options vested with him within a period of 12 months from date of vesting.

All vested Options, not exercised within the above specified period shall lapse.

- (v) In the event of termination of employment of the Grantee by the Company for any Misconduct, all the vested Options (to the extent not exercised) and Unvested Option of the Grantee as on the date of such termination shall lapse.
- (vi) In the event of resignation of the Grantee all options not vested as on that date shall expire. The Grantee shall be entitled to exercise options vested with him within a period of 30 days from the date of such resignation. All vested Options, not exercised within the above specified period shall lapse.
- (vii) In the event of long leave, which is not covered under Clause 17 (v) the Committee shall decide about unvested options, based on facts and the circumstances of the case.

17. *Effect of bonus issue, rights issue, stock split, merger or other corporate action*

In the event of a corporate action such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring taking place subsequent to the grant of Options, the Committee shall have the discretion to make appropriate amendments to the Scheme, as it deems fit.

18. *Issue of shares*

- (i) Upon receipt of the full amount of the exercise price & related TDS/withholding tax or any other applicable tax, if any in respect of the Shares to be issued against any Options validly exercised by the Grantee and as per exercise window fixed by the Committee, the Company shall within one month of the payment of exercise price & TDS/withholding tax effect, allot to the Grantee one fully paid up Share in respect of each such Option. Company shall deduct from amount received from Employee or any sum payable to Employee such TDS as may be required on the difference between fair market value/ market price on the date of exercise of Option and exercise price or as may be required by law/rule/regulation/guidelines issued from time to time.
- (ii) All Shares allotted on exercise of Options will rank pari-passu with all other equity shares of the Company already issued.

The Shares to be allotted on exercise of the Options shall be credited to the Grantee's demat account held with a depository.

- (iii) The Company will not be obliged to deliver certificates/ credit shares in demat account for any Shares on exercise of an Option unless and until it receives full payment of the exercise price and any related withholding obligations including FBT, if any /income tax deductible at source (if any), have been satisfied.

19. *Withholding Tax*

The Grantee/ beneficiary / legal heir, as the case may be, shall be liable to pay any taxes imposed on the grant, vesting, holding, exercise or disposal of the Options/ Shares under this scheme, as per the law in force at that time. Unless required by law, the Company shall have no liability towards discharging the necessary taxes for the Grantee/ beneficiary / legal heir. Any liability of the Company for withholding any tax including income tax deductible at source can be met or deducted out of the dues payable to the concerned Employee/beneficiary/legal heir, as the case may be.

20. *Cancellation and reissue of Options*

All Options that expire or for any reason are lapsed, cancelled, terminated, forfeited, fail to Vest, expired or for any other reason are not paid or delivered under this Scheme, will again be available for subsequent Grant under the Scheme by the Committee in accordance with the provisions of the Scheme or shall be transferred to any subsequent stock option scheme introduced by the Company in accordance with Para 26(iv) and for this limited purpose such Options shall be deemed to be outstanding and not granted by the Company.

21. *Notices and correspondence*

- (i) Any notice required to be given by a Grantee to the Company or any correspondence to be made between a Grantee and the Company shall be addressed to Committee at the registered office of the Company at 11, Indu Chambers, 1st Floor, 349/353, Samuel Street, Vagdadi, Masjid Bunder (West), Mumbai- 400003 or such other address as may be notified by the Company for this purpose in writing.
- (ii) Any notice, required to be given by the Company to a Grantee or any correspondence to be made between the Company and a Grantee shall be given to or made by the Person authorized by the Committee on behalf of the Company at the address provided by the Grantee in his acceptance form or the changed address as notified by the Grantee to the Committee in writing.

22. *Alteration of the scheme*

Subject to the prior approval of the members in a General Meeting, the applicable law, rules and regulations and the guidelines issued by the concerned authority, the Committee may by resolution revoke, add to or vary all or any of the terms and conditions of the Scheme or all or any of the rights or obligations of the Grantees or any of them provided that the interest of the Grantee are not, thereby prejudiced. The Committee shall communicate to the Grantees in writing any such amendment. It is clarified that any change in the tax liability that may be necessitated on account of a change in the terms of the scheme shall not be regarded as prejudicial to the interest of the Grantees.

23. *Dispute*

Any disputes or differences of any nature arising under the Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

24. *Compliances with law*

The terms and conditions of this Scheme are subject to compliance with all the applicable laws, rules and regulations, and the guidelines issued by the concerned authority and to such approvals by any governmental or regulatory agencies, as may be required in India.

25. *Other provisions*

- (i) Nothing contained in this Scheme (or in any other documents related to this Scheme or to any Option) will confer upon any Employee, any right to continue in the employment of the Company or constitute any agreement of employment, nor will interfere in any way with the right of the Company to otherwise change such person's compensation or the benefits or to terminate the employment of such person, with or without cause, but nothing contained in this scheme or any related document will adversely affect any independent contractual right of such person without Grantees' consent.
- (ii) The Scheme shall not form part of any employment contract between the Company and the Employee.
- (iii) Any reference to a male Employee shall also be construed as a reference to a female Employee as the case may be.
- (iv) The Company will at all times keep available such number of authorized and un-issued Shares as would be required to be issued upon exercise of all the

Options from time to time outstanding and shall ensure that all Shares delivered upon exercise of the Options will be duly and validly issued as fully paid.

26. *Term of the scheme*

- (i) The Scheme comes into force from the date of the first grant as specified by the Committee.
- (ii) It shall continue to be in effect unless terminated by the Company on the advice of the Board.
- (iii) Any such termination of the scheme shall not affect Options already granted, allotted and such Options shall remain in full force and effect as if the Scheme had not been terminated, unless mutually agreed otherwise in writing between the Grantee and the Company.
- (iv) All Options outstanding under the Scheme and not granted shall either be cancelled on termination of the Scheme or transferred to any subsequent stock option scheme introduced by the Company.

27. *General Risks*

Participation in this scheme shall not be construed as any guarantee of return on the investment. Any loss due to fluctuations in the fair market value/ market price of the Shares and the risks associated with the investment are that of the Grantee alone.

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