

**FSN E-COMMERCE VENTURES LIMITED**  
**(ERSTWHILE 'FSN E-COMMERCE VENTURES PRIVATE LIMITED')**

**EMPLOYEE STOCK OPTION SCHEME - 2012**

**1. NAME, OBJECTIVE AND TERM OF THE SCHEME**

- 1.1 This employee stock option scheme will be referred to as the "**ESOS – 2012**" which expression will, unless repugnant to the context, include any alterations, amendments or modifications to it.
- 1.2 This ESOS 2012 has been recommended by the Nomination & Remuneration Committee of FSN E-Commerce Ventures Private Limited ("**Company**"), a company incorporated under the erstwhile Companies Act, 1956 (now Companies Act 2013) and having its registered office at 104, Vasani Udyog Bhavan, Sun Mill Compound, Lower Parel (W), Mumbai 400013, India and has been approved by the Board of the Company in its meeting held on 30<sup>th</sup> May, 2012.
- 1.3 The objective of the ESOS 2012 is to retain talent and align the interest of the Employees with the Company as well as to motivate them to contribute to its growth and profitability. The Company views employee stock options as instruments that would enable the Employees to share the value they create for the Company in the years to come.
- 1.4 Pursuant to approval of Board, in its meeting on 30<sup>th</sup> May, 2012 and approval of Shareholders in its Meeting on 31<sup>st</sup> May, 2012, the ESOS 2012 is established with effect from 30<sup>th</sup> May, 2012 and will continue to be in force until (i) its termination by the Board or (ii) the date on which all of the Options available for issuance under the ESOS 2012 have been issued and Exercised or have lapsed and the Board does not intend to re-issue these lapsed Options. The Board shall obtain shareholders' approval for the suspension or termination of the ESOS 2012 to the extent necessary and desirable to comply with Applicable Law. Any fresh grant post listing which involves allotment or transfer of shares made to the Employees under ESOS 2012 formulated prior to Initial Public Offer ('IPO') and prior to the listing of the equity shares ('Pre-IPO Scheme') shall be ratified by Shareholders subsequent to the IPO.
- 1.5 The Board may, further to the recommendations from the Nomination and Remuneration Committee and subject to approval of Shareholders by means of a special resolution in a general meeting and compliance with the Applicable Law and, at any time:
  - (i) vary the terms of the ESOS 2012 Scheme offered pursuant to an earlier resolution of the general body but not yet exercised by the employee, provided such variation is not prejudicial to the interests of the employees.
  - (ii) alter, amend, vary, suspend or terminate the ESOS 2012 or have the right to extend ESOS 2012, with such modifications that it may approve from time to time.

**2. DEFINITIONS AND INTERPRETATION**

**2.1 Definitions**

"**Applicable Law**" means every law, rule, regulation or bye-law relating to Employee Stock Options, including, without limitation, the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SBEB Regulation**") and all relevant tax, securities, exchange control or corporate laws, rules, regulations or bye-laws of India or any relevant jurisdiction or of any stock exchange on which the shares of the Company may be listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws;

"**Associate Company**" / "**associate company**" shall have the same meaning as defined under section 2(6) of the Companies Act, 2013 (18 of 2013);

"**Board**" means the board of directors of the Company;

"**Companies Act, 2013**" means the Companies Act, 2013 and includes any statutory modifications or reenactments of it;

"**Company Handbook**" means the handbook setting out the rules and regulations for the activities of the Company as may be put in place by the Company from time to time;

"**Company Policies/Terms of Employment**" mean the Company's policies for employees and the terms of employment as contained in the Employment Agreement and the Company Handbook or such other document as the Company may have in place from time to time;

"**Eligibility Criteria**" shall have the meaning assigned to it under Clause 5.1;

"**Employee**" means, —

(a) Prior to the Company being a listed company:

- (i) a permanent employee of the company who has been working in India or outside India; or
- (ii) a director of the company, whether a whole-time director or not but excluding an independent director; or

an employee as defined in clause (i) or (ii) of a subsidiary, 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 per cent of the outstanding equity shares of the company;

(b) Upon the Company becoming a listed company:

- (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
- (ii) a director of the Company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or
- (iii) an employee as defined in clause (i) or (ii), of a group company including subsidiary or its associate 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 per cent of the outstanding equity shares of the Company;

"**Employee Stock Option**" or "**Option**" means the option Granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares underlying the option at a pre-determined price;

"**Employment Agreement**" means the agreement, letter or similar arrangement entered into between the Company and the Employee setting out the terms and conditions of employment;

"**Exercise**" of an Option (with its grammatical variations), means making of an application by an Employee to the Company to purchase or subscribe to the Shares underlying the Options vested in him, in pursuance of the ESOS 2012, in accordance with the procedure laid down by the Company for exercise of Options;

"**Exercise Application**" means the application form as may be prescribed by the Board, through which the Employee must apply to the Company along with a cheque/demand draft in

respect of the Exercise Price or such other documents as may be prescribed pursuant to the provisions of this ESOS 2012, for Exercising the Options vested in him;

**"Exercise Period"** means subject to the other provisions of ESOS 2012 a period of 4 years after Vesting within which the Employee must Exercise the Options vested in him in pursuance of the ESOS 2012;

**"Exercise Price"** means the price payable by the Employee in order to Exercise the Options Granted to him in pursuance of the ESOS 2012.

**"Fair Market Value"** means the fair market value of the Shares of the Company, which shall be the higher of:

- (i) the share valuation arrived at for the purpose of the Company's last round of major funding (which shall include any funding which is for an amount in excess of INR 6 crores) if such funding has taken place at any time within a period of 6 months from the date of calculation; and
- (ii) the fair market value as determined by an independent investment bank appointed by the Company as on that date.

**"Financial Year"** means year commencing on 1 April and ending on 31 March;

**"Grant"** (with its grammatical variations) means issue of Options to the Employee under the ESOS;

**"Grant Date"** means the date on which the Nomination and Remuneration Committee approves the grant;

**Explanation** – For accounting purposes, the grant date will be determined in accordance with applicable accounting standards.

**"Group"** means two or more companies which, directly or indirectly, are in a position to:

- (i) exercise twenty-six per cent. or more of the voting rights in the other company; or
- (ii) appoint more than fifty per cent. of the members of the Board of Directors in the other company; or
- (iii) control the management or affairs of the other company;

**"Letter of Grant"** means the letter issued by the Company intimating the Employee of the Options Granted to him for acquiring a specified number of Shares at the Exercise Price;

**"Lock-in Period"** means the period during which the Employee must not sell, pledge or otherwise transfer, directly or indirectly, any of his Shares or dispose of any interest in or over or right attaching to any of his Shares;

**"Market Price"** means the latest available closing price on a recognised stock exchange on which the shares of the Company are listed on the date immediately prior to the relevant date.  
**Explanation** - If such shares 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;

**"Nomination Form"** means the form through which an Employee may nominate a person on his behalf to exercise the rights of such Employee under the Scheme;

**"Option Grantee"** means an Employee who has been Granted an Employee Stock Option in pursuance of the ESOS;

**"Permanent Disability"** 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 Employee was capable of performing immediately before

such disablement, as determined by the Board based on a certificate of a medical expert identified by the Board;

**'Pre-IPO Scheme'** means any scheme formulated prior to the initial public offer of the company and prior to the listing of its equity shares on a recognised stock exchange.

**"Promoter(s)"** means Mrs. Falguni Nayar, Mr. Sanjay Nayar, Falguni Nayar Family Trust and Sanjay Nayar Family Trust;

**"Retirement"** means retirement of an Employee as per the rules of the Company;

**"Scheme / Plan / ESOS 2012"** means this employee stock option scheme, under which the Company is authorized to Grant Employee Stock Options to the Employee;

**"Shares"** means equity shares of the Company arising out of the Exercise of Employee Stock Options Granted under the ESOS 2012;

**"Unvested Option"** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Option;

**"Vesting"** means earning by the Option Grantee, of the right to Exercise the Employee Stock Options Granted to him in pursuance of the ESOS 2012;

**"Vesting Condition"** means any condition subject to which the Options Granted would vest in an Option Grantee;

**"Vested Option"** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option; and

**"Vesting Period"** means the period during which the vesting of option or a benefit granted under the Scheme takes place.

## 2.2 Interpretation

Unless the context of this Scheme otherwise requires:

- (a) Words of any gender will include those of the other gender;
- (b) Words using the singular include the plural;
- (c) The term "Clause" refers to the specified clause of this Scheme;
- (d) The words "directly or indirectly" means directly or indirectly through one or more intermediary persons or through contractual or other legal arrangements, and "direct or indirect" will have the correlative meanings;
- (e) Headings and bold typeface are only for convenience and must be ignored for the purposes of interpretation;
- (f) Reference to any legislation or law or to any provision thereof will include references to any such law as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, and any reference to statutory provision will include any subordinate legislation made from time to time under that provision;
- (g) Reference to the word "include" or its derivatives must be construed without limitation;
- (h) The schedules to this Scheme, if any, are an integral part of this Scheme;

- (i) Time is of the essence in the exercise of rights of the Employee. If any time period specified in this Scheme is extended, such extended time will also be of the essence;
- (j) Any word or phrase defined in the body of this Scheme as opposed to being defined in this Clause 2.2 will have the meaning assigned to it in such definition throughout this Scheme, unless the contrary is expressly stated or the contrary clearly appears from the context; and
- (k) If any provision in this Clause 2.2 is a substantive provision conferring rights or imposing obligations on any party, effect must be given to it as if it were a substantive provision in the body of this Scheme.

### **3. AUTHORITY AND CEILING**

- 3.1 The Board, in its meeting convened on 30<sup>th</sup> May, 2012 and Shareholders in its Meeting convened on 31<sup>st</sup> May, 2012 has resolved to issue to Employees under the ESOS 2012, Employee Stock Options Exercisable into not more than 8,00,000 Shares of a face value of INR 10 each (or such other number adjusted in terms of Clause 3.2), in one or more tranches, 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. The Board subject to Shareholders approval, may from time to time, increase the number of equity shares that shall form a part of Employee Stock Options.
- 3.2 Where Shares are issued consequent upon Exercise of any Option under the ESOS 2012, the maximum number of Shares that can be issued under the ESOS 2012 as referred to in Paragraph 3.1 above will stand reduced to the extent of such Shares issued.
- 3.3 In case of stock splits, consolidation or other reorganization of capital structure of the Company from time to time, the maximum number of Shares available for being Granted under ESOS 2012 will stand modified accordingly, so as to ensure that the cumulative face value (no. of shares x face value per share) prior to such share split, consolidation or reorganization, as the case may be, remains unchanged after such share split, consolidation or reorganization of capital structure.
- 3.4 Options not Vested due to non-fulfillment of the stipulated conditions, Vested Options which the Employees have expressly refused to Exercise and any Options Granted but not Vested or Exercised within the stipulated time due to any reasons, will lapse and stand cancelled and forfeited. Any amount payable by the Employee at the time of grant of the Option shall be forfeited by the Company if the Option is not Exercised by the Employee within the Exercise Period or may be refunded to the Employee if the Options are not vested due to non-fulfillment of the conditions relating to vesting of the Options (if any), as the case may be. Such Options will be available for Grant by the Board to any Employee(s) as it may deem fit, whether under the present ESOS 2012 or under a new scheme, subject to compliance of the provisions of the Applicable Law. The terms relating to Exercise Price, Exercise Period, Vesting etc. in respect of such lapsed Options to be granted, as aforesaid, will be determined by the Board at the time of Grant, as it may deem fit.

### **4. ADMINISTRATION**

- 4.1 The ESOS 2012 will be managed and administered by the Nomination and Remuneration Committee of the Board of the Company. The Board will have the power and authority to frame rules, prescribe procedures and determine any matter in relation to ESOS 2012 from time to time.
- 4.2 The Board will have the authority to decide upon all questions of interpretation, dispute, discrepancy or disagreement which arise under, or as a result of, or in connection with the ESOS 2012.

- 4.3 No member of the Board will be personally liable for any decision or action taken in good faith with respect to the ESOS 2012.

**5. ELIGIBILITY, APPLICATION AND GRANT**

- 5.1 The Employee identified for Grant of Options must be furnished with: (i) the Letter of Grant; and (ii) Nomination Form. On application made by the Employee for the Grant of the Options in the prescribed form and payment of the up-front fee prescribed by the Board, if any, and subject to Clause 5.2, the Employee will be furnished with a Letter of Grant. Further, the Vesting of Options would be subject to continued employment of the Employee with the Company, Group company including subsidiary companies or associate companies, and holding companies, as the case may be.
- 5.2 Notwithstanding anything contained in this Scheme, the Board may not Grant any Employee Stock Options or Vest any of the Options already Granted or Vest lesser number of Options to an eligible Employee if it is found that the eligible Employee has breached the terms of such Employee's employment, has grossly underperformed or has been found guilty of misconduct, violation of the Company policies or Applicable Law.

## 6. VESTING SCHEDULE/ CONDITIONS

There shall be a minimum vesting period of one year.

The Options Granted under the ESOS 2012 shall Vest in accordance with the Vesting schedule as described/ specified under the Letter of Grant and in compliance with the applicable provisions of the law. Vesting of Options would be subject to continued employment of such Option Grantee with the Company. The Board may also specify certain additional parameters, including performance parameters, i.e. Vesting Conditions subject to which the Options would Vest.

## 7. EXERCISE

7.1 The Option Grantee may, at any time during the Exercise Period, and subject to fulfillment of conditions of the Grant and Vesting, Exercise the Options by submitting Exercise Application to the Company, to issue and allot him Shares pursuant to the Vested Options. Such Exercise Application must be accompanied by payment of an amount equivalent to the Exercise Price in respect of such Shares. The Exercise Application must be in such form as may be prescribed by the Board and the Board may determine the procedure for Exercise from time to time.

7.2 The Exercise Price shall be as specified in the Letter of Grant. The Nomination and Remuneration Committee will have the discretion to determine the Exercise Price subject to conforming to the accounting policies as applicable i.e. accounting standards as prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 (18 of 2013) including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.

7.3 Each Option would entitle the Employee, upon Exercise, to acquire 1 (one) Share of a face value of INR 10 each (or such other number adjusted for any stock splits, consolidation or other reorganization of capital structure of the Company in terms of Clause 3.2 or otherwise adjusted from time to time). Provided that, if the Exercise of Options results in fractional Shares, the Board will be entitled to round off the number of Shares to be issued to the nearest whole number and the Exercise Price must be correspondingly adjusted. All Shares of the Company allotted consequent to Exercise of Options will rank *pari passu* with the then existing shares of the Company.

7.4 The Employee Stock Options Granted will be capable of being Exercised within a period specified in the Letter of Grant.

7.5 In the event of death of the employee while in employment, all the options or any other benefit granted to him/her under ESOS 2012 till such date shall vest, with effect from his/her death, in the legal heirs or nominees of the deceased employee, as the case may be.

7.6 In case the employee suffers a permanent incapacity while in employment, all the options or any other benefit granted to him under a scheme as on the date of permanent incapacitation, shall vest in him on that day.

Notwithstanding anything contained in the ESOS 2012, in case of death or permanent incapacity, the minimum vesting period of one year shall not apply after the listing of the Company.

7.7 In the event of resignation or termination of the employee, all the options, or any other benefit which are granted and yet not vested as on that day, shall expire:

Provided that an employee shall, subject to the terms and conditions formulated by the Nomination and Remuneration Committee, be entitled to retain all the vested options, or any other benefit covered by the Scheme.

Explanation - The cessation of employment due to retirement or superannuation shall not be covered under this clause, and such options or any other benefit granted to an employee would continue to vest in accordance with the respective vesting schedules even after retirement or superannuation in accordance with the Company's policies and the applicable law (as applicable).

- 7.8 Subject to Clause 6, upon the death of an Employee while in employment with the Company, all the Options granted to him may be exercised by the Employee's nominee within 6 months from the date of death of the Employee. The mode of nominating any person as a nominee would be prescribed by the Board. In case of death of any Employee who has not nominated any person(s), the Options granted to him will be Exercisable by the legal heir(s) / successor(s) of such Employee within 6 months from the date of death. Provided, however, that the legal heir(s)/ successor(s) of the deceased Employee must produce to the Company, all such documents as may be required by the Company to prove the succession. If the proof of succession is not produced to the Company within 12 months from the date of death of the Employee or such further time as the Board may permit in its absolute discretion, the Options will lapse and will be available for Grant by the Board to any other Employee(s) as it may deem fit in its absolute discretion.
- 7.9 Subject to Clause 6, if the Employee is unable to continue his employment with the Company due to reasons of Permanent Incapacity, all Options granted may be Exercised by the Option Grantee within 6 months from the date of separation on account of Permanent Incapacity. If the Employee dies after such separation and before the expiry of 2 months from the date of such separation, the nominee/legal heir of such Employee will be allowed to Exercise all Options granted as per the provisions of Clause 7.8 above.
- 7.10 Upon the resignation or retirement of an Employee, all Unvested Options, on the date of submission of resignation, will expire and stand terminated with effect from that date. However, all Vested Options as on that date will be Exercisable by the Employee within 60 days of his last working day with the Company. If the resignation or retirement of the Employee occurs within two years from the date of the Grant, the Board at its discretion would settle the Vested Options in cash, by paying the difference between the Fair Market Value applicable on the date of submission of resignation, and the Exercise Price.
- 7.11 If the employment of an Option Grantee is terminated due to breach of Company Policies or the Terms of Employment, all Options Granted but not Vested and the Options Vested but not Exercised for such Employee, will stand terminated with effect from the date of such breach. including the Vested Options which were not Exercised prior to such breach, will stand terminated with effect from the date of such breach. The date of such breach will be determined by the Board and its decision on this issue will be binding and final.
- 7.12 The Options Granted but not Vested and the Options Vested but not Exercised may be suspended, in case of an Employee:
- (a) who has been suspended from the services of the Company; or
  - (b) to whom a show cause notice has been issued for breach of his terms of employment, company policies or Applicable Law; or
  - (c) against whom an enquiry has been initiated for any reason whatsoever including but not limited to misconduct, violation of Company Policies/ Terms of Employment or for having committed or abetted any illegal or unlawful activity.
- 7.13 Cash Settlement of Vested options

At any time before listing of shares of the Company on any recognized stock exchange(s), the Company at the discretion of its Board shall have the right to liquidate and settle all or a part of the Options Vested but not exercised, at the Fair Market Value or any other value, as determined by the Board.

For this purpose, the Board may decide the following:

- a) *The procedure and time frame for exercise of Options in the unlisted scenario.*
- b) *The time frame or window within which such liquidation of the Options and payment in respect of the Options must be completed.*
- c) *Other terms and conditions as it may deem fit to facilitate such exit to the Option Grantees.*

## **8. OTHER TERMS AND CONDITIONS**

- 8.1 Nothing contained in this Scheme is intended to or will give the Option Grantee any right or status of any kind as a shareholder of the Company (for example in relation to 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.
- 8.2 An Option cannot be pledged, hypothecated, mortgaged or otherwise alienated in any other manner
- 8.3 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 3.2 of the ESOS 2012.
- 8.4 If there is any change in the constitution or control of the Company or any re-structuring of the Company, including but not limited to, merger, de-merger, spin-off or amalgamation of any other entity with the Company, the Options Granted will Vest subject to the minimum time for Vesting which must not be less than 12 months. The Board would have the authority to alter all or any of the terms relating to the Grant or this ESOS 2012 in general and will also have the authority to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under Applicable Law, so as to ensure that the benefits under the Grant are passed on to the Employees. The Board will take appropriate actions to ensure that total value of the Options remains the same after the aforesaid corporate actions and in this regard, if necessary, issue fresh Options/shares of the holding/subsidiary/associate companies of the Company or resultant entities emerging due to such corporate actions. Further, the treatment of options shall be specified in the scheme of arrangement, amalgamation, merger or demerger, and such treatment should not be detrimental to the interest of the concerned employees.
- 8.5 Options must not be transferred to any person.
- 8.6 No person other than the Employee to whom the Option is granted will be entitled to Exercise the Option except in the event of the death or permanent incapacity of the Option Grantee holder, in accordance with Clause 7.8 and 7.9 of this Scheme.
- 8.7 The Company will not be obliged to sell, issue or allot any Shares upon Exercise of the Options or otherwise unless the issuance and delivery of such Shares complies, in the judgment of the Company, with all the relevant provisions of Applicable Law.
- 8.8 The Shares issued pursuant to any Exercise of Options, along with other shares issued by the Company, subject to Applicable Law and procedure will be subject to an approved scheme of buy-back by the Company.
- 8.9 The Option Grantees are not entitled to any rights which the Shareholders enjoy including voting rights and rights in the Company as to dividend prior to conversion of Options into Shares.

- 8.10 At any time before listing of shares of the Company on any recognized stock exchange(s), during the period in which the Option Grantee holds Shares in the Company, the Option Grantee, subject to Applicable Law, agrees and undertakes that the Option Grantee shall exercise its voting rights in relation to such Shares in accordance with the instructions of the Promoters.
- 8.11 In the event that an employee who has been granted benefits under a scheme is transferred or deputed to an associate company prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.

## **9. TRANSFERABILITY OF SHARES**

The Board may prescribe restriction on transferability of the Shares, which are allotted on Exercise of the Options Granted pursuant to this Scheme. Employees must adhere to Applicable Law and Company Policies/Terms of Employment while dealing with the Shares or exercising any rights granted to them.

## **10. LOCK IN PERIOD AND EXIT**

- 10.1 The Shares issued and allotted pursuant to Exercise of the Options Granted in accordance with this Scheme will be subject to Lock-in (i.e. the Employee shall not be entitled to transfer the same to any person other than the Promoters) for a period of year from the date of allotment of the shares, subject to Applicable Law.
- 10.2 Upon the listing of the Shares of the Company on any stock exchange(s), the Employee shall be entitled to sell the Shares to a third party.
- 10.3 Before the shares of the Company are listed on any recognized stock exchange(s), at the time of the Employee's exit from the Company post the exercise of a Vested Option, as a result of breach by the employee, if required by the Promoters, the Employee must sell the Shares held by the employee in the Company to the Promoters or their nominees. The terms and conditions of such sale shall be as specified by the Promoter. The aforesaid shall be subject to Applicable Laws.

## **11. TAX LIABILITY AND STAMP DUTY**

- 11.1 Each Employee must pay all the taxes levied and payable on the Options Granted pursuant to this ESOS 2012 and the Shares issued pursuant to Exercise of Options. The Company shall have the right to recover or deduct from the Option grantee's salary/fees, any of the tax obligations arising in connection with the Options or the Shares acquired upon the Exercise thereof in accordance with Applicable Law. The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee.
- 11.2 Any stamp duty payable on the transfer of any Option pursuant to para 7(d) of this Scheme or equity shares arising out of Exercise of Options will be payable by the Option Grantee.

## **12. VARIATION IN TERMS**

- 12.1 Subject to Applicable Law, the Nomination and Remuneration Committee will, at its absolute discretion, have the right to modify the ESOS 2012 in such manner and at such time or times as it may deem fit (including regulatory requirements) and such terms and conditions shall be binding on the Option Grantees/ Employees, provided such variation in the terms of the Scheme in any manner, shall not be detrimental to the interests of the employees.
- 12.2 The Company may by special resolution in a general meeting vary the terms of the Scheme offered pursuant to an earlier resolution of the general body but not yet exercised by the

employee provided such variation is not prejudicial to the interests of the employees.

- 12.3 The Company (acting through the Board or the Nomination and Remuneration Committee) shall be entitled to vary the terms of ESOS 2012 to meet any regulatory requirement without seeking shareholders' approval by special resolution.

### **13. FUNDING THE EXERCISE OF OPTIONS**

- 13.1 Subject to applicable laws, the Company may fund or permit the empanelled stock brokers (if any) to make suitable arrangements to fund the employee for payment of exercise price, the amount necessary to meet his/her tax obligations and other related expenses pursuant to exercise of options granted under the ESOS 2012 and such amount shall be adjusted against the sale proceeds of some or all the shares of such employee.
- 13.2 NRC shall formulate the detailed terms and conditions of the procedure for funding the exercise of options, as specified in Part B of Schedule – I of SBEB Regulations.

### **14. BUYBACK OF OPTIONS**

- 14.1 The NRC shall, from time to time, formulate the detailed terms and conditions of the schemes which shall, inter alia, include the provisions with respect to the procedure for buy-back of specified securities issued under these regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
- (i) permissible sources of financing for buy-back;
  - (ii) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
  - (iii) limits upon quantum of specified securities that the Company may buyback in a financial year.

### **15. MISCELLANEOUS**

- 15.1 This ESOS 2012 will be subject to all Applicable Laws.
- 15.2 The inability of the Company to obtain license, approval or permit from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful implementation of this Scheme will relieve and wholly discharge the Company of any and all liability in respect of the failure to implement this Scheme.
- 15.3 The Grant of an Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his Employment Agreement nor does the existence of a contract of employment between any person and the Company give such person any right or entitlement to have an Option Granted to him in respect of any number of shares.
- 15.4 Neither the existence of this Scheme nor the fact that an individual has on any occasion been Granted an Option will give such individual any right or entitlement that he has or will in future have any such right or entitlement to participate in this Scheme by being Granted an Option on any other occasion.
- 15.5 The rights granted to an Option Grantee upon the Grant of an Option will 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).
- 15.6 The Option Grantee will 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.
- 15.7 Nothing contained in the ESOS 2012 or in any Grant made will:

- (a) confer upon any Employee, any right with respect to continuation of employment or engagement with the Company, or
- (b) interfere in any way with the right of the Company to terminate employment or services of any Employee at any time.

15.8 Neither the adoption of the ESOS 2012 nor any action of the Board will be deemed to give an Employee any right to be Granted any Option to acquire Shares or to any other rights except as may be evidenced by a Letter of Grant.

15.9 Participation in this ESOS 2012 must not be construed as any guarantee of return on any investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments is that of the Employee alone.

## **16. CONFIDENTIALITY**

Employees must keep the details of the Options Granted to them strictly confidential and must not disclose the details to any other person. In case of non-adherence to the provisions of this Clause, the Board will have the authority to deal with such cases as it may deem fit.

## **17. NO RESTRICTION ON CORPORATE ACTION**

The existence of the ESOS 2012 and the Grants made under it will not in any way affect the right or the power of the Board or the shareholders of the Company to make or authorize any change in capital structure or from making any corporate action which is deemed to be appropriate or in its best interest, whether or not such action would have an adverse effect on the ESOS 2012 or any Grant made under the ESOS 2012. No Employee or other person claiming through him will have any claim against the Company as a result of such action.

## **18. LISTING**

18.1 In case new issue of shares is made under the Scheme, shares so issued shall be listed immediately in any recognised stock exchange where the existing shares are listed, subject to the following conditions:

- (a) Scheme is in compliance with SBEB Regulations;
- (b) A statement as specified by SEBI in this regard, is filed and the Company has obtained an in-principle approval from the stock exchanges prior to the grant of options;
- (c) As and when an exercise is made, the Company notifies the concerned stock exchange as per the statement as specified by SEBI in this regard.

18.2 The Company shall appoint a registered merchant banker for the implementation of Scheme till the stage of obtaining in-principle approval from the stock exchanges in accordance the SBEB Regulation.

18.3 Upon listing, the Company shall also make the necessary disclosures under the SBEB Regulations at the time of grant, including as provided in Part G of Schedule I of the SBEB Regulations.

## **19. SCHEMES IMPLEMENTED BY UNLISTED COMPANIES**

The shares arising after the initial public offering ("IPO") of an unlisted company, out of options granted under any scheme prior to its IPO to the employees shall be listed immediately upon exercise in all the recognised stock exchanges where the shares of the company are listed subject to compliance with the Securities and Exchange Board of India (Issue of Capital and

Disclosure Requirements) Regulations, 2009 and where applicable, sub-regulation (1) of regulation 12 of SBEB Regulation.

## **20. COMPLIANCES WITH APPLICABLE LAW**

The Company shall ensure the compliance with the Applicable Law as amended from time to time.

## **21. NOTICES**

All notices or communication required to be given by the Company to an Option Grantee by virtue of this ESOS 2012 must be in writing and be sent to the address of the Option Grantee available in the records of the Company. Any communication to be given by an Option Grantee to the Company in respect of ESOS 2012 must be sent to the address mentioned below:

Attention: Chief Human Resource Officer  
Address: FSN E-Commerce Ventures Pvt. Ltd  
104 Vasan Udyog Bhavan, Sun Mill Compound,  
Lower Parel (W),  
Mumbai 400013  
Email: [rewards@nykaa.com](mailto:rewards@nykaa.com)

## **22. SEVERABILITY**

If any term, condition or provision of this ESOS 2012 being held to be a violation of or contrary to any Applicable Law, the same will be severable from the rest of this ESOS 2012 and will be of no force and effect and this ESOS 2012 will remain in full force and effect as if such term, condition or provision had not originally been contained in this ESOS 2012.

## **23. GOVERNING LAW AND JURISDICTION**

This Scheme will be governed, interpreted by, and construed in accordance with the laws of India and the courts and tribunals at Mumbai will have the exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Scheme.

## **22.2 24. SHAREHOLDERS APPROVAL**

22.1 This Scheme is approved by the Shareholders of the Company by means of a special resolution at the Extra Ordinary meeting held on September 30, 2021.

22.2 Pursuant to the applicable provisions of SBEB Regulations, any fresh grant post listing which involves allotment or transfer of shares made to the Employees under ESOS 2012 formulated prior to Initial Public Offer ('IPO') and prior to the listing of the equity shares ('pre-IPO scheme') shall be ratified by Shareholders subsequent to the IPO as under.

- (a) The explanatory statement to the notice and the resolution proposed to be passed by shareholders for the Scheme shall include the information as specified by SEBI in this regard
- (b) Further, approval as aforesaid of shareholders by way of separate resolution in the general meeting shall be obtained by the Company in case of:
  - (i) Grant of option, shares or other benefits, as the case may be, to employees of Group company including subsidiary company or associate company, or holding company;
  - (ii) Grant of option, shares or benefits, as the case may be, to identified employees, during any one year, equal to or exceeding one per cent. of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of option, shares or incentive, as the case may be.

- (c) The notice for passing special resolution for variation of terms of the Scheme shall disclose full details of the variation, the rationale therefore, and the details of the employees who are beneficiaries of such variation.