



**FSN E-Commerce Ventures Limited – Employee Stock  
Option Plan 2022**

**FSN E-Commerce Ventures Limited**

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**FSN E-COMMERCE VENTURES LIMITED**

**CIN:** L52600MH2012PLC230136

**Regd. Office:** 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai  
MH 400013

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

1.1 This Employee Stock Option Plan shall be called '**FSN E-Commerce Ventures Limited – Employee Stock Option Plan 2022**' ("**Plan**").

1.2 The Company contemplates to issue such number of share-based incentive options comprising of Options (*defined hereinafter*) within the prescribed ceiling of Shares (*defined hereinafter*) under the Plan with a view to enable the Option Grantees (*defined hereinafter*) to get a share in the value they create for the Company in the years to come. The Company views Options as long-term incentive instruments to enable the eligible employees in mid to senior leadership positions, or holding critical roles or possessing niche talent. Accordingly, the main objectives of the Plan are:

- (i). to achieve sustained growth of the Company and create shareholder value by aligning the interests of the eligible employees with the long-term interests of the Company;
- (ii). to attract and retain talent and as well as to motivate eligible employees to work towards the growth and profitability of the Company;
- (iii). to recognise and reward the efforts of eligible employees and their continued association with the Company and its Group Company(ies) including Associate Company(ies) and Subsidiary Company(ies);
- (iv). to enable the eligible employees to have greater involvement in the existing plans of the Company and provide them an opportunity to share in the future growth and profitability of the Company, which should lead to improved employee engagement, motivation, and retention.

1.3 The Plan is established with effect from **November 02, 2022** on which the shareholders of the Company have approved it and shall continue to be in force until (i) its termination by the Board as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for issuance under the Plan have been issued and Exercised (*defined hereinafter*) or have lapsed or have been cancelled by the Committee (*defined hereinafter*) and the Committee does not intend to re-grant the said lapsed or cancelled Options, whichever is earlier.

**2. Definitions and Interpretation****2.1 Definitions**

- i. "**Applicable Law**" means and includes the applicable law relating to employee stock options by whatever name called, including but without limitation to the Companies Act and the rules framed thereunder, Securities and Exchange Board of India Act, 1992, SEBI (SBEB & SE) Regulations (*defined hereinafter*), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 and all relevant tax, securities, exchange control or corporate laws of India or of any relevant jurisdiction or of any Stock Exchange on which the Shares are listed or quoted.

- ii. **“Associate Company”** shall have the same meaning as defined under section 2(6) of the Companies Act.
- i. **“Board”** means the Board of Directors of the Company.
- ii. **“Committee”** means the Nomination and Remuneration Committee constituted by the Board from time to time, comprising of such members of the Board as provided under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and having such powers as specified under the SEBI (SBEB & SE) Regulations read with powers specified in this Plan.
- iii. **“Companies Act”** means the Companies Act, 2013 read with rules issued thereunder from time to time including the Companies (Share Capital and Debenture Rules), 2014, and includes any statutory modifications or reenactments thereof.
- iv. **“Company”** means **FSN E-Commerce Ventures Limited**, a company registered in India under the provisions of the Companies Act, 1956, having corporate identification number L52600MH2012PLC230136 with its registered office at 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai 400013, Maharashtra. Provided where the context so requires, the term Company shall include its Subsidiary Company, Associate Company and/or Group Company.
- v. **“Company Policies/Terms of Employment”** means the Company’s policies for Employees and the terms of employment as contained in the employment letter and the Company handbook, which includes provisions requiring a desired level of performance, securing confidentiality, non-compete and non-poaching of other Employees and customers.
- vi. **“Director”** means a member of the Board of the Company.
- vii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for Granting the Options to the Employees.
- viii. **“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; or
  - iii. an employee as defined in clause (i) or (ii) of a Group Company including Subsidiary Company or its Associate Company, in India or outside India.

**but excludes**

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

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- ix. **“Exercise”** of an Option means expression of an intention, in writing (including through electronic mode), by an Option Grantee to the Company to purchase the Shares underlying the Options Vested in him, in pursuance of the Plan, in accordance with the procedure laid down by the Company for Exercise of Options.
- x. **“Exercise Period”** means such time period after Vesting within which the Option Grantee should Exercise the Options Vested in him in pursuance of the Plan.
- xi. **“Exercise Price”** means the price payable by an Option Grantee in order to Exercise the Options Granted to him in pursuance of the Plan determined as per provisions of Sub-clause 8.1 of the Plan. Provided that, the Exercise Price shall be in compliance with the SEBI (SBEB & SE) Regulations as applicable from time to time.
- xii. **“Good Leaver”** means an Option Grantee holding Options, (i) resigning or being terminated without Misconduct from employment or service with such tenure from the Grant Date; and (ii) exhibiting such behaviour during the tenure which in the opinion of the management of the Company qualifies to be a Good Leaver for the purposes of this Plan, subject to approval of the Committee.
- xiii. **“Grant”** means issue of Options to the Employees under the Plan.
- xiv. **“Grant Date”** means the date of the meeting of the Committee in which Grant of Options to the Employees is approved.
- Explanation:** For accounting purposes, the Grant Date will be determined in accordance with applicable accounting standards.
- xv. **“Grant Letter”** means the letter issued by the Company, whether in physical or electronic mode, intimating the Employee, *inter alia*, of the Options Granted, along with details as regards Vesting and Exercise of Options.
- xvi. **“Group” or “Group Company”** means 2 (two) or more companies which, directly or indirectly, are
- in position to-
- i. exercise 26% (twenty-six percent), or more of the voting rights in the other company; or
- ii. appoint more than 50% (fifty percent) of the members of the board of directors in the other company; or
- iii. control the management or affairs of the other company.
- xvii. **“Independent Director”** means a Director within the meaning of Section 149(6) of the Companies Act read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xviii. **“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.

- xix. **“Market Price”** means the latest available closing price of the Shares on the recognized Stock Exchange on which the Shares of the Company are listed, on the date immediately prior to the Grant Date.

**Explanation:** In case Shares are listed on more than 1 (one) recognized Stock Exchange, then the Stock Exchange where the highest trading volume on the said date shall be considered.

- xx. **“Merchant Banker”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, which is registered under Section 12 of the Securities and Exchange Board of India Act, 1992.

- xxi. **“Misconduct”** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or terms of employment amounting to violation or breach of terms of employment as determined by the Committee after giving the Employee an opportunity of being heard:

- (i) dishonest statements or acts of an Employee, with respect to the Company;
- (ii) any misdemeanor involving moral turpitude, deceit, dishonesty, or fraud committed by the Employee.
- (iii) gross negligence, misconduct or insubordination of the Employee in connection with the performance of his duties and obligations towards the Company;
- (iv) breach by the Employee of any terms of his employment agreement or the Company Policies / Terms of Employment or other documents or directions of Company;
- (v) participating or abetting a strike in contravention of any law for the time being in force; and / or
- (vi) Misconduct as provided under the labor laws after following the principles of natural justice.

- xxii. **“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 Plan.

- xxiii. **“Option”** means an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe to, at a future date, the Shares underlying the Option at a pre-determined price.

- xxiv. **“Option Grantee”** means an Employee who has been Granted an Option as required under the Plan and shall deem to include nominee/ legal heir of an Option Grantee in case of his/her death to the extent provisions of the Plan are applicable to such nominee/ legal heir.

- xxv. **“Permanent Incapacity / 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 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 Company.

- xxvi. **“Plan”** shall have the meaning ascribed to it in Clause 1.1 above.

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- xxvii. **“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, as amended.
- xxviii. **“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, as amended.
- xxix. **“Retirement”** means retirement or superannuation as per the applicable rules of the Company and or terms of appointment.
- xxx. **“SEBI (SBEB & SE) Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended and enacted from time to time read with all circulars and notifications issued thereunder.
- xxxi. **“Secretarial Auditor”** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xxxii. **“Shares”** means equity shares of the Company of face value of Rs. 1 (one) each fully paid-up including the equity shares arising out of the Exercise of Options Granted under the Plan.
- xxxiii. **“Stock Exchange”** means the National Stock Exchange of India Limited, BSE Limited or any other recognized stock exchanges in India on which the Company’s Shares are listed or to be listed.
- xxxiv. **“Subsidiary Company”** means any present or future subsidiary of the Company, as defined in the Companies Act.
- xxxv. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions or Vesting Period has not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Option.
- xxxvi. **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option.
- xxxvii. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Option Granted to him in pursuance of the Plan. The term ‘Vest’ or ‘Vested’ shall be construed accordingly.
- xxxviii. **“Vesting Condition”** means any condition subject to which the Options Granted would Vest in an Option Grantee.
- xxxix. **“Vesting Period”** means the period, from the date of Grant of Options till the date on which the Option Grantee becomes eligible to Exercise the Options, however, not being less than 1 (one) year from the date of Grant of Options. Provided that in case



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of death or Permanent Incapacity / disability, the minimum Vesting Period of 1 (one) year shall not apply.

## **2.2 Interpretation**

In this Plan, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference;
- f) for the purposes of any calculation under this Plan any fraction will be rounded up or down to the nearest integer;
- g) reference to any statute, rules, regulations, or notification shall include any amendment, modification, substitution, or re-enactment thereof;
- h) the terms defined above, including their grammatical variations and cognate expressions, shall, unless repugnant to the context or meaning thereof, for the purposes of this Plan have the meanings herein specified; and
- i) words / phrases and expressions used and not defined here but defined in the SEBI (SBEB & SE) Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

## **3. Authority and Ceiling**

- 3.1 The shareholders of the Company by way of special resolution dated **November 02, 2022** approved the Plan, authorizing the Committee to Grant not exceeding **16,00,000 (Sixteen Lakhs only)** Options to the eligible Employees, in one or more tranches, from time to time, which in aggregate shall be exercisable into not more than **16,00,000 (Sixteen Lakhs only)** Shares of face value of **Re. 1 (One)** each fully paid up, being **0.334% (zero point three three four percent)** of the paid-up equity share capital of the Company on a fully diluted basis as on **November 02, 2022**, with each such Option conferring a right upon the Employees to apply for one Share in the Company in accordance with the terms and conditions of such issue and subject to the provisions of the Plan.
- 3.2 The maximum number of Options under Plan that may be Granted per Employee in any year and in aggregate shall not exceed **1,50,000 (One Lakh Fifty Thousand Only)** Options.
- 3.3 If an Option expires, lapses, or becomes un-exercisable due to any reason, it shall be brought back to the Options pool as mentioned in Sub-clause 3.1 of the Plan and shall become available for future Grants, subject to compliance with all Applicable Laws.

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- 3.4 Where Shares are issued consequent upon Exercise of an Option under the Plan, the maximum number of Shares that can be issued under the Plan as referred to in Sub-clause 3.1 above shall stand reduced to the extent of such Shares issued.
- 3.5 In case of a consolidation, if the revised face value of the Share becomes more than the current face value, the maximum number of Shares available for being issued under the Plan as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (No. of Shares X Face value per Share) prior to such consolidation remains unchanged after such consolidation. Thus, for example, if the prevailing face value of each Share is Re. 1 (Rupee One only) per Share and the revised face value after the Share consolidation is Rs. 2 (Rupees Two only) per Share, the total number of Shares available under the Plan would be (Shares reserved at Sub-Clause 3.1/ 2) Shares of Rs. 2 (Rupees Two only) each. Same principle shall be followed in case of a Share split at any point in time. In case of corporate actions including bonus issue of Shares, the Shares reserved at Sub-Clause 3.1 of the Plan shall stand revised as per requirements of SEBI (SBEB & SE) Regulations read with Sub-clause 4.2(f) of the Plan.
- 3.6 Prior approval of shareholders of the Company in the general meeting by passing special resolution shall be obtained in case the Grant of Options to any identified Employee, in any 1 (one) financial year, is equal to or exceeding 1% (one percent) of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of Option.
- 3.7 Prior approval of shareholders in the general meeting by passing special resolution shall be obtained in case Options shall be Granted to any Employee of the Group Company(ies) including its Subsidiary Company(ies), or Associate Company(ies).

#### **4. Administration**

- 4.1 The Plan shall be administered by the Committee. All questions of interpretation of the Plan including or any of the Plan thereunder or any Option shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Plan or in any Option issued thereunder.
- 4.2 The Committee shall in accordance with this Plan and Applicable Laws determine the following:
- (a) The quantum of the Options to be Granted under the Plan per Employee, and in aggregate under the Plan, subject to the ceiling as specified in Sub-clause 3.1;
  - (b) the Eligibility Criteria for Grant of Option to the Employees;
  - (c) the Exercise Period within which the Option Grantee should Exercise the Options and that Options would lapse on failure to Exercise the Options within the Exercise Period;
  - (d) the specified time period within which the Option Grantee shall Exercise the Vested Options in the event of termination of employment or resignation of an Option Grantee;
  - (e) the right of an Employee to Exercise all the Options Vested in him at one time or at various points of time within the Exercise Period;

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- (f) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Committee:
- (i) the number and the price of Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action; and
- (ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees.
- (g) the procedure and terms for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave;
- (h) the circumstances under which the Unvested Options can be accelerated for Vesting;
- (i) the conditions under which Options may Vest (time, performance and/or milestones), and the conditions under which Vested Options may lapse (including in case of termination of employment for Misconduct);
- (j) eligibility of an Option Grantee to be approved as a Good Leaver;
- (k) the procedure for buy-back of specified securities issued under the SEBI (SBEB & SE) Regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
- (i) permissible sources of financing for 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 Options that the Company may buy-back in a financial year.
- Explanation – ‘specified securities’ mean as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- (l) the procedure for funding for Exercise of Options, as permitted under the Applicable Laws; and
- (m) approve forms, writings and/or agreements for use in pursuance of the Plan.
- 4.3 The Committee shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time); (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time); and (c) any other applicable regulations as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Company and any Employee, as applicable.
- 4.4 The Committee shall have a right to delegate or authorize any officer of the Company, if required and subject to the extent allowed under the Applicable Laws, such power to do specific acts and things without limitation to the listing of Shares on recognized Stock Exchange(s) arising pursuant to Exercise of Vested Options, execution and submission of

various document(s) to recognized Stock Exchange(s) or any other institution as may be deemed necessary in connection with the Plan.

- 4.5 The Committee subject to the prior approval of the Board can recommend formation of an employee welfare trust to administer the Plan which may be executed subject to prior approval of the shareholders of the Company by way of special resolution.

## **5. Eligibility and Applicability**

- 5.1 Only Employees are eligible for being Granted Option under the Plan. The specific Employees to whom the Option would be Granted, and their Eligibility Criteria shall be determined by the Committee.
- 5.2 Appraisal process for determining the eligibility of the Employees will be based on designation, period of service, performance linked parameters, grade, criticality, skills, potential contribution and such other criteria as may be determined by the Committee at its sole discretion, from time to time.
- 5.3 This Plan shall be applicable to the Company, its Group Company including its Subsidiary Company(ies), and Associate Company(ies) within or outside India, and any successor company thereof to the extent any Options have been Granted to the Employees of such entities, to the extent required under the Applicable Laws.

## **6. Grant of Options**

- 6.1 Grants contemplated under the Plan shall be made on such day and month as decided by the Committee at its discretion.
- 6.2 Each Grant of Option under the Plan shall be made in writing by the Company to the eligible Employees by way of Grant Letter containing specific details of the Grant, and disclosure requirements, as prescribed under Applicable Laws, including (but not limited to) the following:
- (a) Number of Options;
  - (b) Vesting Conditions;
  - (c) Vesting Schedule;
  - (d) Exercise Price; and
  - (e) Exercise conditions.
- 6.3 The Committee shall disclose all requisite information as required under Applicable Laws to the Option Grantees at the time of the Grant.
- 6.4 The acceptance of the Grant shall be deemed to be automatic by the Employee and no formal acceptance shall be required to be made by the Employee in this regard.

## **7. Vesting Schedule and Vesting Conditions**

- 7.1 Options Granted under Plan shall Vest not earlier than minimum Vesting Period of **1 (one)** year and not later than maximum Vesting Period of **5 (five)** years from the Grant Date, as decided by the Committee and set out in the Grant Letter. The Committee may at its discretion change the Vesting schedule provided that such change is not detrimental to the interest of the Option Grantees.

**Provided that** in case where Options are Granted by the Company under the Plan in lieu of Options held by a person under a similar Plan in another company (“**Transferor Company**”) which has merged, demerged, arranged or amalgamated with the Company, the period during which the Options Granted by the Transferor Company were held by him shall be adjusted against the minimum Vesting Period as per the Plan.

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

7.2 Subject to the terms of the Plan, Vesting of Options would be subject to continued employment with the Company subject to the condition that the Option Grantee is not under notice of resignation.

7.3 The Options would Vest essentially on the basis of continued tenure as per the requirement of the SEBI (SBEB & SE) Regulations. The Vesting shall also be subject to the any performance and/or milestone based condition as determined by the Committee. In the event the Options Granted to an Option Grantee is subject to any Vesting Condition and such Option Grantee has not satisfied such a condition during the Vesting Period, then the relevant Options shall lapse unless otherwise determined by the Committee. The Committee, at its discretion, may specify other criteria for Vesting of Options.

7.4 As a prerequisite for a valid Vesting, an Option Grantee should not be subject to any ongoing disciplinary proceedings against him on the date of Vesting. In case of any disciplinary proceedings against any Option Grantee, the relevant Vesting shall be kept in abeyance until disposal of the proceedings and such Vesting shall be determined accordingly.

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

**7.6 Vesting of Options in case of Employees on long leave**

The period of leave shall not be considered in determining the Vesting Period in the event an Option Grantee is on long leave of more than 90 (ninety) consecutive days unless otherwise specifically approved by the Committee. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period.

**7.7 Acceleration of Vesting in certain cases**

(i) Subject to minimum Vesting Period of 1 (one) year from the date of Grant, in the event of termination of employment of an Option Grantee as a Good Leaver, the Committee may, in its sole discretion, accelerate the Vesting of the Unvested Options. Such accelerated Vested Options shall be exercisable within the period set out in Clause 8.2 (b)(1) of the Plan.

(ii) The Shares resulting from the Exercise of the accelerated Vested Options may be subject to a Lock-in Period as decided by the Committee at the time of determining acceleration of the Options Granted to an Option Grantee who is a Good Leaver.

(iii) All Unvested Options as on the date on which the Committee considers the proposal for acceleration shall expire, and stand cancelled as per provisions of Clause 8.2 (b)(1) of the Plan unless accelerated pursuant to this Clause.

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

7.9 Vesting shall be limited to whole number of Options, and fractional Options (if any) will be rounded up or down to the nearest integer.

## **8. Exercise**

### **8.1 Exercise Price of the Options**

(a) The Exercise Price per Option shall be determined by the Committee which shall be up to a maximum of 20% (twenty percent) discount to the lower of the following:

- (i) Market Price of Share, as defined under this Plan; or
- (ii) the average of daily closing Market Prices of the Shares for 15 (fifteen) days immediately preceding the Grant Date.

Explanation: In case the Shares are listed on more than 1 (one) recognized Stock Exchange, then the recognized Stock Exchange where the highest trading volume on the said date(s) shall be considered for the purpose of determining the closing market price.

- (b) The specific Exercise Price shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.
- (c) Payment of the Exercise Price shall be made by online payment to the account of the Company or in such other mode and manner as the Committee may decide from time to time.
- (d) Subject to Clause 7.7 (ii) of the Plan, all Shares issued and allotted consequent to Exercise of Options shall rank *pari passu* with the then existing equity shares of the Company.
- (e) Subject to Applicable Laws, the Company may fund or permit the empanelled stock brokers to make suitable arrangements to fund the Option Grantee for payment of Exercise Price, the amount necessary to meet his tax obligations and other related expenses pursuant to Exercise of Options granted under the Plan and such amount shall be adjusted against the sale proceeds of some or all the Shares of such Option Grantee.

### **8.2 Exercise Period**

#### **(a) Exercise while in employment:**

Subject to Clause 8.2(b) of the Plan, the Exercise Period in respect of the Vested Options shall be subject to a maximum period of **1 (one)** year from the date of Vesting of the last tranche of Options Granted. For e.g. if an Option Grantee has been Granted 100 Options

to vest equally over 5 (five) years, then the Exercise Period for the first tranche of Options, i.e. 20 Options shall be 5 (five) years from the date of their Vesting, and for the subsequent tranches of Options shall be 4 (four) years, 3 (three) years, 2 (two) years from the date of their respective Vesting, with the Exercise Period for the last tranche of 20 Options being 1 (one) year from the date of their Vesting.

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

The Options can be Exercised as under:

<b>S. No.</b>	<b>Events of separation</b>	<b>Vested Options</b>	<b>Unvested Options</b>
1	<b>Resignation / termination</b> (other than due to Misconduct)	All the Vested Options as on the date of submission of resignation/ date of termination shall be Exercisable by the Option Grantee <b>within 1 (one) year</b> from the date of last Vesting <b>or 60 (sixty) days</b> from last working day of Option Grantee, whichever is earlier.	All the Unvested Options as on date of submission of resignation/ date of termination shall stand <b>cancelled / lapsed/ expired</b> with effect from such date.
2	<b>Termination due to Misconduct</b>	All the Vested Options at the time of such termination shall stand <b>cancelled / lapsed/ expired</b> with effect from the date of such termination.	All the Unvested Options at the time of such termination shall stand <b>cancelled / lapsed/ expired</b> with effect from the date of such termination.
3	<b>Retirement</b>	All the Vested Options as on the date of Retirement can be Exercisable by the Option Grantee <b>within 12 (twelve) months</b> from the date of Retirement.	All Unvested Options as on the date of Retirement would <b>continue to Vest</b> in accordance with the original Vesting schedule even after the Retirement unless otherwise determined by the Committee in accordance with the Company Policies / Terms of Employment and provisions of the then prevailing Applicable Laws and can be exercised within a period of <b>12 (twelve) months</b> from the date of Vesting.

4	<b>Death</b>	All Vested Options may be Exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than <b>12 (Twelve) months</b> from the date of death of the Option Grantee.	All the Unvested Options as on date of death shall <b>vest immediately</b> with effect from the date of his/her death to the Option Grantee's nominee or legal heir and can be Exercised within <b>12 (Twelve) months</b> from the date of death by nominee of legal heirs.  Further, the Company shall formulate appropriate policy in accordance with Applicable Laws, as regards the Options Granted, in case of death of the Option Grantee.
5	<b>Permanent Incapacity / disability</b>	All Vested Options may be Exercised by the Option Grantee, immediately after, but in no event later than <b>12 (Twelve) months</b> from the date of such Permanent Incapacity / disability.	All the Unvested Options as on date of incurring of such incapacity shall <b>vest immediately</b> with effect from such event to the Option Grantee and can be Exercised within <b>12 (Twelve) months</b> from the date of Permanent Incapacity / disability.  Further, the Company shall formulate appropriate policy in accordance with Applicable Laws, as regards the Options Granted, in case of Permanent Incapacity / disability of the Option Grantee.
6	<b>Abandonment of employment</b>	All the Vested Options shall stand <b>cancelled / lapsed / expired</b> with effect from such date as determined by the Committee.	All Unvested Options shall stand <b>cancelled / lapsed/ expired</b> with effect from such date as determined by the Committee.
7	<b>Termination due to reasons apart from those mentioned above</b>	The Committee shall decide whether the Vested Options as on that date can be Exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of such termination shall stand <b>cancelled/ lapsed/ expired</b> unless otherwise required by Applicable Laws.

- 8.3 The Options shall be deemed to have been Exercised when an Option Grantee makes an application in writing to the Company or by any other means as decided by the Committee, for the issue of Shares against the Options Vested in him/ her, subject to payment of Exercise Price and applicable taxes thereon, and compliance of other requisite conditions of Exercise.



**8.4 Lapse of Options**

The Options not Exercised within the respective Exercise Period asset out in Clause 8 of the Plan shall lapse and be deemed to cancelled on expiry of such Exercise Period. The Option Grantee shall have no right or recourse over such lapsed/ cancelled/ expired Options.

**9. Lock-in**

The Shares arising out of Exercise of Vested Options shall not be subject to any Lock-in Period from the date of allotment of such Shares under the Plan except as specified in Clause 7.7 of the Plan.

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

**10. Exit route in case of de-listing**

If the Company gets de-listed from all the recognized Stock Exchanges, then the Committee shall have the powers to set out terms and conditions for the treatment of Vested Options and Unvested Options in due compliance of the Applicable Laws.

**11. Restriction on transfer of Options**

- 11.1 The Option shall not be pledged, hypothecated, mortgaged, or otherwise alienated in any other manner.
- 11.2 Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case, the provisions of sub-clause 8.2(b) of the Plan would apply.
- 11.3 No person other than the Employee to whom the Option is Granted shall be entitled to Exercise the Option except in the event of the death of the Option Grantee, in which case, the provisions of sub- clause 8.2(b) of the Plan would apply.

**12. Rights as a shareholder**

- 12.1 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a shareholder in respect of Options Granted, till Shares underlying such Options are issued by the Company up on Exercise of such Options.
- 12.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Option and becomes a registered holder of the Shares of the Company.
- 12.3 If the Company issues bonus shares or rights shares, the Option Grantee shall not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with sub-clause 4.2 (f) of the Plan.

**13. Deduction/Recovery of Tax**

- 13.1 The liability of paying taxes, if any, in respect of Options Granted pursuant to this Plan and the Shares issued pursuant to Exercise thereof shall be entirely on Option Grantee (or his/her nominee(s)/ legal heir(s) in case of death of Option Grantee while in employment) and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees of Company working abroad, if any.
- 13.2 The Company shall have the right to deduct from the Employee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 13.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

**14. Authority to vary terms**

- 14.1 The Committee may with prior approval of the shareholders (through a special resolution), revise the terms of the Plan and/ or terms of the Options already Granted under the Plan subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of the Option Grantees.

**Provided that** the Company shall be entitled to vary the terms of the Plan to meet any regulatory requirement without seeking shareholders' approval by way of a special resolution.

- 14.2 The Company may also re-price the Options which are not exercised, whether or not they have Vested, if the Plan is rendered unattractive due to fall in the value of the Shares, provided that the Company ensures that such re-pricing shall not be detrimental to the interest of the Option Grantees and approval of the shareholders by way of a special resolution has been obtained for such re-pricing.

**15. Miscellaneous**

- 15.1 Government Regulations

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

- 15.2 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.

- 15.3 Neither the existence of this Plan nor the fact that an individual has on any occasion been Granted an Option shall give such individual any right, entitlement, or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Option on any other occasion.

15.4 The rights granted to an Option Grantee upon the Grant of an Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

15.5 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise an Option in whole or in part.

**15.6 General Risks**

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

**16. Accounting and Disclosures**

The Company shall follow the IND AS 102 on Share based Payments and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other statutory authority from time to time, including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time and comply with the disclosure requirements prescribed therein, in compliance with relevant provisions of SEBI (SBEB & SE) Regulations.

**17. Certificate from Secretarial Auditors**

The Committee shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Company that the Plan has been implemented in accordance with the SEBI (SBEB & SE) Regulations and in accordance with the resolution of the Company in the general meeting.

**18. Governing Laws**

18.1 The terms and conditions of the Plan shall be governed by and construed in accordance with the Applicable Laws including the foreign exchange laws mentioned below.

**18.2 Foreign Exchange Laws**

In case any Options are Granted to any Employee being resident outside India belonging to the Company, working 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 from time to time in connection with Grant, Vest, Exercise of Options and issue of Shares thereof.

**19. No Restriction on Corporate Action**

The existence of the Plan and any Grant made hereunder shall 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, including any issue of Shares, debt or other securities having any priority or preference with respect to the Shares of the Company or the rights thereof 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 Plan or any Grant made under the Plan. No Employee or other person shall have any claim against the Company as a result of such action. However, the Committee shall make fair and reasonable adjustments due to such events as specified in Clause 4.2 (f) of the Plan.

## **20. New Schemes**

Nothing contained in the Plan shall be construed to prevent the Company from implementing any other new scheme for granting Options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have any adverse impact on the Plan, or any Grant made under the Plan. No Employee or other person shall have any claim against the Company as a result of such action.

## **21. Notices**

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

- i. sending communication(s) to the address of the Option Grantee available in the records of the Company; and/ or
- ii. delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; and/ or
- iii. emailing the communication(s) to the Option Grantee at the official email address

provided if any by the Company during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.

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

**Attention:** Chief Human Resources Officer

**Company:** FSN E-Commerce Ventures Limited

**Address:** 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel,  
Mumbai 400 013, Maharashtra

**Email:** [rewards@nykaa.com](mailto:rewards@nykaa.com)

## **22. Nomination**

The Employee shall nominate a person as his/her nominee with submission of Nomination Form complete in all respects. The nominee in case of death or Permanent Incapacity / disability of an Option Grantee shall be the legal representative recognized by the Company as the inheritor of the Option Grantee in respect of all rights and liabilities for the purposes of this Plan.

## **23. Dispute Resolution and Jurisdiction**

23.1 All disputes arising out of or in connection with this Plan or the Grant, Vesting or Exercise shall be referred for arbitration to a sole arbitrator (not being an employee) to be appointed by the Committee with the consent of the Option Grantee. The arbitration proceedings shall be in

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accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be Mumbai, India and the proceedings shall be conducted in English.

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

23.3 Nothing in this Sub-clause will however limit the right of the Company to bring proceedings against any Employee in connection with this Plan:

(i) in any other forum or court of competent jurisdiction; or

(ii) con-currently in more than 1 (one) jurisdiction.

## **24. Listing of the Shares**

24.1 The Company shall not issue Shares pursuant to the Exercise of the Options under the Plan unless it obtains in-principle approval from the Stock Exchanges where it is listed.

24.2 The Company shall appoint a Merchant Banker for the implementation of the Plan upto in-principle approval from the Stock Exchanges where it is listed.

24.3 Subject to the approval of the Stock Exchange(s), the Shares issued and allotted on Exercise of the Options shall be listed on the recognized Stock Exchange(s) on which the Shares of the Company are listed.

## **25. Severability**

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

## **26. Confidentiality**

26.1 An Option Grantee must keep the details of the Plan and all other documents in connection thereto strictly confidential and must not disclose the details with any of his 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.

**FSN E-COMMERCE VENTURES LIMITED**

**CIN:** L52600MH2012PLC230136

**Regd. Office:** 104 Vasani Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai  
MH 400013

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