

**HONASA CONSUMER LIMITED**

**EMPLOYEES STOCK OPTION PLAN 2018**

## **HONASA CONSUMER LIMITED EMPLOYEES STOCK OPTION PLAN - 2018**

### **1. SHORT TITLE, EXTENT AND COMMENCEMENT**

- (a) This plan shall be called the “**HONASA CONSUMER LIMITED EMPLOYEES STOCK OPTION PLAN - 2018**” and referred to as the “**Plan**” or “**Scheme**” in this document.
- (b) This Plan applies to the Employees (as defined hereinafter). The Plan shall be deemed to have come into force on August 2, 2018.
- (c) Attached to this Plan is a Grant letter (attached as **Annexure 1**), acceptance letter (attached as **Annexure 2**) and Exercise notice (attached as **Annexure 3**). The Plan shall be an integral part of the Grant letter, acceptance letter and the Exercise notice and the aforesaid letters should be read in consonance with the Plan.

### **2. OBJECT**

This Plan has been adopted by a resolution of the Board (as defined hereinafter) and shareholders of the Company (as defined hereinafter), with the object of granting (as defined hereinafter), to such Eligible Persons, at the discretion of the Company, Options (as defined hereinafter) convertible to ESOP Shares (as defined hereinafter) of the Company as per the terms of this Plan.

### **3. DEFINITIONS**

In this Plan, unless the context otherwise requires,

- (a) “Act” shall mean the Companies Act, 2013, the rules and regulations prescribed thereunder including the Companies (Share Capital and Debenture Rules), 2014, as amended from time to time and shall include any statutory replacement or re-enactment thereof.
- (b) “Applicable Laws” means the applicable legal requirements relating to stock option plans, including, without limitation, the Act, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SBEB & SE Regulations”), the Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2018 (as and when applicable), the tax, foreign exchange, securities or business laws of India and of any stock exchange on which the ESOP Shares are proposed to be listed or quoted or any other law or legislation that may be applicable to this Plan and only to the extent to which it applies to the Company.
- (c) “Associate Company” shall have the same meaning as defined under section 2(6) of the Act.
- (d) “Board” means the Board of Directors of the Company for the time being, and where the context so requires shall include the Nomination and Remuneration Committee of the Company.

- (e) “Bonus Issue” means an issue of additional shares to shareholders in proportion to the shares already held.
- (f) “Cause” shall mean the occurrence of:
  - (i) The wilful misconduct or gross negligence in performance of duties, including refusal to comply in any material respect with the legal directives of the reporting authority and such refusal to comply is not remedied within 30 working days after receipt of written notice from the Company, which written notice shall state that failure to remedy such conduct may result in termination for Cause; or
  - (ii) Dishonest or fraudulent conduct, a deliberate attempt to do an injury to the Company or the conviction of a felony; or
  - (iii) Breach of the proprietary information and inventions assignment agreement entered into with the Company.
- (g) “Company” or “Honasa” means Honasa Consumer Limited, a Company incorporated under the Companies Act, 2013 having its registered office at Unit No - 404, 4th Floor, City Centre, Plot No 05, Sector-12, Dwarka New Delhi 110075. Provided where the context so requires, the term Company shall include the Subsidiary Company, and the Holding Company, and after Listing, Associate Company and Group company as well.
- (h) "Director" or “Directors” means a member of the Board of the Company.
- (i) "Eligible Person" means an Employee who qualifies for issue of Options under this Plan.
- (j) "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 sub-clauses (i) or (ii) above, of a Group company including Subsidiary or its Associate Company, in India or outside India, or of a Holding Company of the Company,but does not include:
  - (i) an employee who is a Promoter or belongs to the Promoter Group; or
  - (ii) a Director who either by himself /herself or through his/her Relatives or through any body corporate, directly or indirectly holds more than ten percent of the outstanding equity shares of the Company.

Provided that an employee of a Subsidiary Company(ies) or Holding Company of the Company, shall be eligible to participate in the Scheme subject to prior approval of the shareholders by way of separate special resolution.

- (k) “ESOP” means the Option / right issued by the Company under this Scheme to the Eligible Persons which entitles the Optionee to the ESOP Shares of the Company.
- (l) “ESOP Committee” or “Nomination and Remuneration Committee” mean the Nomination and Remuneration Committee of the Board (“NRC Committee”) or any other committee constituted in accordance with the Applicable Laws.
- (m) “ESOP Shares” means the equity shares of the Company issued by the Company on exercise of the Vested Option by the Optionee as per the terms of issue and other specifications detailed in this Plan.
- (n) “Exercise” is the act of a written request, during the Exercise Window based on the Trigger Event, through a valid application in the prescribed form (as provided in **Annexure 3**), made by the Optionee to the Company, for issue of ESOP Shares against the Vested Options held and will include the Optionee paying the Exercise Price, applicable taxes and meeting other requirements as per this Plan.
- (o) “Exercise Event” or “Trigger Event” will include the following -
  - (i) Resignation or Retirement
  - (ii) Death/ Permanent Incapacity
  - (iii) Employee joins competitor
  - (iv) Employee being transferred to another Group Company
  - (v) Winding up
  - (vi) Takeover / merger - where the Company ceases to exist
  - (vii) Liquidity Event
  - (viii) Partial liquidity
  - (ix) Any other event as may be decided by the Board
- (p) “Exercise Window” means the period during which the Employee can exercise his/her right to apply for shares against his/her Vested Options.
- (q) “Exercise Period” shall start when Options are vested as per the Vesting schedule and will end for each Trigger Event as follows –

- Resignation
  - 90 days from the date of last working day
  - As per Exercise Window, based on the occurrence of the Liquidity Event, whichever is earlier
- Retirement or superannuation
  - As mentioned in Clause 13(b) of the Scheme
- Dismissal for Cause
  - Not applicable
- Death/ Permanent Incapacity
  - 1 (one) year from the date of death/Permanent Incapacity
- Employee being transferred to another Group Company
  - 90 days from the date of last working day from a Group Company
  - As per Exercise Window, based on the occurrence of the Liquidity Event whichever is earlier
- Employee joins competitor
  - To be decided by the Board
- Winding-Up
  - 30 days from the date of issue of notice/ intimation by Board
- Liquidity Event
  - Closure of Exercise Window depending upon the occurrence of the Liquidity Event, as may be determined by the Board
- Partial liquidity
  - Closure of Exercise Window, as may be determined by the Board
- Takeover / Merger
  - Surviving Entity
    - Subject to the Trigger Event
  - Entity cease to exist

- o As decided by the Board
- Any other situation
  - o As decided by the Board
- (r) “Exercise Price” means the price per share that shall be paid by an Optionee at the time of Exercise as specified in the Grant letter. which shall be in compliance with the accounting standards specified under the SBEB & SE Regulations of SEBI, including any ‘Guidance Note on Accounting for employee share-based Payments’ issued in that regard from time to time.
- (s) “Grant” or “Grant letter” means the event of offering Options by the Board to an Eligible Person by way of a letter (in the form provided in **Annexure 1**) and shall be construed as complete on written acceptance of the offer by the Optionee (in the form provided in **Annexure 2**).
- (t) “Group” shall have the same meaning as assigned to it under regulation 2 (r) of the SBEB & SE Regulations.
- (u) “Holding Company” means any present or future holding company of the Company, as per the provisions of the Act.
- (v) “Insider” shall have the same meaning assigned to it under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- (w) “Independent Director” shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (x) “Key Managerial Personnel” shall have the same meaning assigned to it under section 2(51) of the Act.
- (y) “Liquidity Event” means and includes (a) Partial liquidity - means a Secondary Transaction by third party investor(s) where the Optionees offer their shares to the third party investor(s) (b) demerger, acquisition, change of control, consolidation, sale of shares or other transaction or series of transactions in which the shareholders immediately prior to such transaction will not, (i) retain a majority of the voting power of the surviving entity, or (ii) control the appointment of majority of the board of directors of the surviving entity, (c) a transfer of all or substantially all the Company’s assets, (d) Listing, and (e) any other event as per the discretion of the Board.
- (z) “Market Price” means the latest available closing price on recognized 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 recognized stock exchange, then the closing price on the recognized stock exchange having higher trading volume shall be considered as the market price.*

- (aa) "Option" or "Options" means a stock option granted by Honasa pursuant to the Plan to any Eligible Person. This is a right but not an obligation granted under the Plan to apply for and be issued ESOP Shares of Honasa at the Exercise Price determined earlier, during or within the Exercise Period, subject to the requirements of Vesting.
- (bb) "Optionee" or "Optionees" means the holder of an outstanding Option granted pursuant to this Plan.
- (cc) "Permanent Incapacity" means any incapacity 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 Board or ESOP Committee based on a certificate of a medical expert identified by the Board or ESOP Committee.
- (dd) "Primary Transaction" means allotment of equity shares or any instruments which are convertible into equity shares of the Company
- (ee) "Promoter" shall have the same meaning ascribed to it under the Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2018.
- (ff) "Promoter Group" shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2018.
- (gg) "Recognized Stock Exchange" means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956.
- (hh) "Relative" means all the people or entities covered in the definition of 'relative' under Section 2(77) of the Act.
- (ii) "Relevant Date" means-
  - (i) in the case of the grant, the date of meeting of the ESOP Committee on which the grant is made; or
  - (ii) in the case of the exercise, the date on which the notice of exercise is given to the Company by the employee.
- (jj) "Retirement" means retirement of an Employee as per the rules of the Company.
- (kk) "Rights Issue" means an issue of shares offered at a special price by the Company to its existing shareholders in proportion to their extant shareholding.

- (ll) “Secondary Transaction” means transfer of equity shares or any instruments which are convertible into equity shares of the Company by the existing shareholders to another existing shareholder or to a new person / entity.
- (mm) “Share” means equity shares and securities convertible into equity shares and includes American Depository Receipts, Global Depository Receipts and other depository receipts representing underlying equity shares or securities convertible into equity shares.
- (nn) “Subsidiary/ Subsidiary Company” means any present or future subsidiary company of the Company, as defined in the Act.
- (oo) “SBEB & SE Regulations” means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, and includes all regulations and clarifications issued there under.
- (pp) “Unvested Options” means Options in respect of which the applicable Vesting Period or Vesting condition is not completed.
- (qq) “Vesting” means the process by which the Optionee (or the beneficiary(ies) as the case may be) becomes entitled to Exercise the Options granted to him/ her pursuant to this Scheme.
- (rr) “Vesting Period” means the period, from the date of grant of Options till the date on which the Optionee becomes eligible to exercise the Options as given in the Schedule – B of the ESOP Plan, however, not being less than 1 (one) year from the date of grant of Options.
- (ss) “Vested Options” means Options in respect of which the relevant Vesting Period is completed.

#### **4. INTERPRETATION**

Unless the context otherwise requires in this Plan:

- (a) terms referred to in this Plan, unless defined otherwise or unless inconsistent with the context or meaning thereof, shall bear the same meaning as defined under any relevant statute/ legislation;
- (b) words importing persons or parties shall include firms and corporations and any organisations having legal capacity;
- (c) words importing the singular include the plural and vice versa where the context so requires;
- (d) reference to any law shall include such law as from time to time enacted, amended, consolidated, supplemented or re-enacted;
- (e) reference to any gender includes a reference to all other genders;

- (f) reference to the words “include” or “including” shall be construed without limitation;
- (g) reference to recitals, clauses, annexures or schedules are, unless the context otherwise requires, the recitals to, clauses of or annexures to or schedules to this Scheme.
- (h) reference to this Plan or any other agreement, deed or other instrument or document shall be construed as a reference to such agreement, deed or other instrument or document as the same may from time to time be amended, varied supplemented or novated;
- (i) the headings and titles in this Plan are indicative only and shall not be deemed part thereof or be taken into consideration in the interpretation or construction hereof;
- (j) reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment (whether before or after the date of this Plan) for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions;
- (k) this Plan shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved by Board.

## **5. NOMINATION AND REMUNERATION COMMITTEE**

The NRC shall be responsible for the administration of the Plan under the supervision of the Board. .

The NRC shall frame suitable policies and procedures to ensure that there is no violation of securities laws including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the 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, by the Company and its employees, as may be applicable.

The NRC may subject to a special resolution passed at a general meeting at any time and from time to time, add, amend, alter or revoke the Scheme in compliance with the SEBI Regulations with respect to Options granted but not yet exercised by the Grantee, if such variation is not prejudicial to the interest of the Grantee. Any change/ variation shall be subject to the Applicable Laws, including SEBI Regulations.

## **6. ADMINISTRATION OF THE PLAN**

- (a) The maximum number of Options which can be Granted under this Plan to an individual Employee shall be such that, the aggregate number of shares that shall be allotted against such Options under this Plan will not equal to or exceed 1% (one per cent) of the issued/paid-up share capital of the Company unless the approval of the shareholders is obtained by passing a separate resolution in the general meeting of the Company. The Committee,

in consultation with the Board, reserves the right to increase or reduce such number of shares as it deems fit, subject to compliance with Applicable Laws.

- (b) The ESOP Committee shall administer the Plan and would issue Options to the Eligible Persons on the basis of the approval of the Board.
- (c) Subject to the provisions of the Act with respect to issue of employees stock options, and subject to Applicable Laws, the ESOP Committee shall have the discretion to determine:
  - (i) the conditions under which the Options may vest in the Employees and may lapse in case of termination of employment for misconduct;
  - (ii) the Exercise Period within which the Employee can exercise the Options and that the Options would lapse on failure to exercise the same within the Exercise Period;
  - (iii) the specified time period within which the Employee shall exercise the Vested Options in the event of termination or resignation;
  - (iv) 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;
  - (v) the procedure for making a fair and reasonable adjustment to the entitlement including 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, the following shall, *inter alia*, be taken into consideration by the ESOP Committee:
    - (A) the number and price of Options shall be adjusted in a manner such that total value to the Employee of the Options remains the same after the corporate action;
    - (B) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employee(s) who is granted such Options;
  - (vi) the grant, vesting and exercise of Options in case of Employees who are on long leave;
  - (vii) the procedure for funding the exercise of Options;
  - (viii) the procedure for buy-back of specified securities issued under the SBEB & SE Regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
    - (A) permissible sources of financing for buy-back;
    - (B) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and

- (C) limits upon quantum of specified securities that the Company may buy-back in a financial year.
  - (ix) to determine the Vesting schedule, Exercise Event and Exercise Period for each Grant;
  - (x) to select the Eligible Persons to whom Options may be Granted hereunder;
  - (xi) to determine the number of Options per Employee and in aggregate under Scheme
  - (xii) to approve forms of agreement for use under the Plan from time to time;
  - (xiii) to determine additional terms and conditions, not inconsistent with the terms of the Plan, of any Option Granted hereunder, including determination of any additional Liquidity Event;
  - (xiv) to prescribe, amend and rescind rules and regulations relating to the Plan, subject to the shareholders' approval and ratification and in accordance with the Applicable Laws; and
  - (xv) to construe and interpret the terms of the Plan including the terms of ESOP Shares and the Granted Options pursuant to the Plan.
- (d) The approval of shareholders in accordance with the Applicable Laws shall be obtained by the Company in case of grant of Options to the Employees of a Subsidiary or Holding Company, an Associate Company or Group company.
- (e) All decisions, determinations and interpretations of the ESOP Committee shall be final and binding on each of the Optionee.

## **7. ELIGIBILITY**

Only such of those Employees of the Company, who meet the eligibility criteria as mentioned in Schedule - A shall be eligible for grant of Options under this Plan.

## **8. GOVERNMENTAL REGULATIONS**

This Plan shall be subject to all Applicable Laws, rules and regulations and to such approvals by any governmental agencies as may be required. The grant of Options, and issue of ESOP Shares under this Plan shall entitle the Company to require the Optionee to comply with such requirements of Law, as may be necessary in the opinion of the Company.

## **9. GENERAL RISKS**

Participation in this Plan shall not be construed as any guarantee of return on the investment. Any loss due to fluctuations in the market price of the ESOP Share and the risks associated with the investments is that of the Optionee alone.

## 10. ALLOCATION OF OPTIONS

The ESOP Committee will decide the number of Options to be granted to Eligible Person based on eligibility criteria set and the present role of the Employee.

## 11. INDIVIDUAL LIMITS FOR GRANT OF OPTIONS

No Eligible Person shall be granted, during any one year, Options to purchase more than 1% of the issued share capital of the Company at the time of grant of Options without the prior approval of the shareholders of the Company.

## 12. OBLIGATIONS OF THE OPTIONEE

- (a) The Options shall not be transferable by the Optionee. The said Options cannot be pledged/ hypothecated/ charged/ mortgaged/ assigned or in any other manner alienated or disposed off.
- (b) The Options shall only be convertible into ESOP Shares except under specific provisions of the Plan.

## 13. EXERCISE OF OPTIONS

- (a) In the event of an Optionee ceasing to be an Employee of the Company by reason of **resignation**, the Unvested Options held by the Optionee on the date of resignation shall forthwith lapse. In case of Vested Options, Employee may exercise his Vested Options upon the occurrence of Liquidity Event or within 90 (ninety) days from the date of last working day.
- (b) In the event of an Optionee ceasing to be an Employee of the Company by reason of **retirement or superannuation**, all the Unvested Options shall continue to vest in accordance with the vesting schedule even after retirement or superannuation in accordance with the Company's policies and the applicable laws.
- (c) In case of **dismissal of employment for "Cause"**, all the Vested Options as well as Unvested Options of the Optionee shall stand lapsed.
- (d) In the event of **death/Permanent Incapacity** of an Optionee while in employment, all the Options granted to the Optionee shall vest forthwith on occurrence of such event in the family member/ legal heir(s) / nominee of the Optionee. The Vested Options can be exercised by the family member/ legal heir/ nominee of the Optionee upon the occurrence of the Liquidity Event or within 1 (one) year from the date of death/ Permanent Incapacity, whichever is earlier.
- (e) In the event of an **Optionee being transferred from the Company to another Group Company prior to vesting or exercise**, at the instance of or with consent of the Company, the Optionee will continue to hold all the benefits as per the terms of the grant even after such transfer. The Options shall be vested in the Optionee as per the Plan and he can Exercise them anytime within the 90 (ninety) days from the date of last working day from the Group company or upon the occurrence of Liquidity Event. Further, all

the Unvested Options may lapse/ Vest as per the discretion of the Board

- (f) If the Optionee **joins competition or starts competition entity**, all the Unvested Options of the Optionee shall stand lapsed and treatment of Vested Options shall be decided by the ESOP Committee. Further, the ESOP Committee to take a call on definition of competition.
- (g) In the event of **winding up** of Company, the Unvested Options held by the Optionee shall forthwith lapse. In case of Vested Options, a 30 (thirty) days notice/ intimation shall be given to all the Vested Options holders, the Optionee shall have the right to exercise all the Vested Options, within the notice period. In the event that the Options are not exercised by the end of the notice period, the Options would lapse.
- (h) In case of **Liquidity Event**, the Unvested Options held by the Optionee shall continue as is or stand lapsed depending on the Liquidity Event based on the discretion of the ESOP Committee. In case of Vested Options, Optionee can either exercise the Vested Options within the Exercise Window which is to be determined by the ESOP Committee depending upon the Liquidity Event or can forego those Options. Cashless exercising will be permitted based on the decision of the ESOP Committee.
- (i) In case of **partial liquidity**, the Unvested Options held by the Optionee shall continue as is. In case of Vested Options, it will be proportional to all Vested Optionees whose Options have been vested and will be disbursed proportionally to the Vested Optionees as per their Vested Options within the Exercise Window which is to be determined by the ESOP Committee.
- (j) In the event of transfer of the Optionee who has been granted benefits under a scheme, is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing company, prior to the vesting or exercise, the treatment of options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the Optionee.
- (k) Notwithstanding the foregoing provisions and any other Clause of this Scheme, Shares with respect to which an Option is granted under the Scheme that -
  - (i) are waived by the Grantee in Writing; or
  - (ii) remain unexercised at the expiration, forfeiture or other termination of the Options; or
  - (iii) have lapsed, may be added back to the ESOP pool and shall be subject of the Grant of further Options.

It is expressly clarified that the aforementioned Options shall be added back to the number of Options that are pending to be granted. The Committee may Grant /re-issue such Options through fresh Grants made within the overall limit specified in the Scheme.

- (l) In case of **any other situation** which is not defined in the Scheme, the treatment of Vested as well as Unvested Options shall be decided by the ESOP Committee.

#### **14. OTHER TERMS**

- (a) Each Option entitles the holder thereof to apply for and be allotted ESOP Shares, subject to the below terms:
  - (i) One ESOP Share of the Company (“Conversion Ratio”) at an Exercise Price as determined by the ESOP Committee and specified in the Grant letter and all applicable taxes at any time during the Exercise Period.
  - (ii) Until the ESOP Shares are issued (as evidenced by the appropriate entry in the books of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the ESOP Shares, notwithstanding the Exercise of the Option. The Company shall allot such ESOP Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the shares are allotted.
- (b) Vesting / Exercise Period
  - (i) The Vesting Period after which an Optionee is eligible to apply for conversion of the Options shall be as specified in the Grant letter.
  - (ii) In case the Optionee does not exercise the Vested Options within the Exercise Period, the Options will lapse and no rights will accrue after that date.
- (c) Exercise
  - (i) The Optionee may at his discretion opt for exercise of his Vested Options in full or in part during the Exercise Period.
  - (ii) However, the Exercise shall be made in a lot of such number of ESOPs as would result in a whole number of ESOP Shares (subject to a minimum of 1 (one) ESOP Share) being converted.
  - (iii) The Optionee can opt for conversion of his Vested Options by applying to the Company during the Exercise Period in the specified format and meeting the requirements specified from time to time, including the payment of taxes on allotment of ESOP Shares, to the extent the same exceeds the salary payable for the respective month of allotment of ESOP Shares.

(iv) The amount paid by the employee, if any, at the time of grant, vesting or exercise of option—

(a) may be forfeited by the Company if the Option is not exercised by the employee within the exercise period; or

(b) may be refunded to the employee if the Options are not vested due to non-fulfilment of conditions relating to vesting of Option as per the Scheme.

## **15. CORPORATE ACTIONS**

### **(a) Bonus Issue:**

In case of Bonus Issue, the Board/ ESOP Committee shall make changes to the Conversion Ratio based on which the Options will get converted into equity shares (as per Clause 14 above) with respect to all the Options Granted as on the date of such event, in order to ensure that there would not be any loss to any Optionee as well as to the Company.

### **(b) Rights Issue**

In the event of a Rights Issue of shares being made by the Company, the Board/ ESOP Committee shall allot additional Options to all the Optionees in the same ratio at which the offer of rights is made to the shareholders. Further, in relation to the additional Options provided under this clause, adjustments, if any, to the Exercise Price would be decided by the Board/ ESOP Committee at its absolute discretion.

### **(c) Lock-in**

Shares issued pursuant to exercise of Options under the Scheme shall not be subject to any lock-in.

## **16. NOMINATION:**

Each Optionee under the Plan may nominate, from time to time, any beneficiary or beneficiaries to whom any benefit under the Plan is to be delivered in case of his or her death before he or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Optionee, and shall be in a form prescribed by the Company and will be effective only when filed by the Optionee in writing with the Company during the Optionee's lifetime.

## **17. TAX LIABILITY:**

In the event of any tax liability arising on account of the issue of the Options/ issue of ESOP Shares or any other event, to the Optionee or Company, the liability shall be that of the Optionee alone and the Optionee agrees to compensate the Company for any such payment by the Company. The Company may stipulate terms and conditions from time to time.

**18. CHANGES IN THE TERMS AND CONDITIONS OF THE ESOP:**

The Company can at any time vary the terms of this Plan, in relation to and limited to the Options which are not yet Vested by way of shareholders' approval vide special resolution in accordance with the Applicable Laws, provided that such variation is not prejudicial to the interest of the Optionee.

Provided that any changes in the Scheme pursuant to any regulatory obligation may be met without seeking shareholders' approval by special resolution.

The notice for passing a special resolution for variation of terms of the Scheme shall disclose full details of the variation, the rationale therefor, and the details of the employees who are beneficiaries of such variation.

The Company may reprice the options or shares, as the case may be, which are not exercised, whether or not they have been vested, if the Scheme is rendered unattractive due to fall in the price of the shares in the stock market:

Provided that the Company ensures that such repricing is not detrimental to the interests of the employees and approval of the shareholders by a special resolution has been obtained for such repricing.

**19. CONFIDENTIALITY:**

- (a) The Optionee under this Plan shall not divulge the details of the Plan and his/ her holding to any person except with the prior permission of the Company obtained in writing.
- (b) The Optionee shall enter into such agreement, as the Company may desire from time to time to more fully and effectively implement this Scheme.

**20. CONTRACT OF EMPLOYMENT:**

- (a) This Scheme shall not form part of any contract of employment or any other agreement between the Company and the Employee. The rights and obligations of any individual under the terms of his/ her office or employment with the Company is independent of, and shall not be affected by his/ her participation in this Scheme or any right which he/ she may have to participate in it.
- (b) Nothing in this Scheme shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.
- (c) This Scheme shall not confer on any person any legal or equitable rights against the Company either directly or indirectly or give rise to any cause of action in law or equity against the Company.
- (d) This Scheme is purely at the discretion of the Company.

**21. ENTIRE UNDERSTANDING:**

This Plan and any instruments executed in pursuance hereof shall constitute the entire understanding between the Company and the Employees in relation to the subject matter hereof and supersede in its entirety all prior undertakings and agreements between the Company and the Employees in respect to the subject matter hereof.

**22. ACCOUNTING AND DISCLOSURES:**

The Company shall follow the laws/regulations applicable to accounting related to Options, including but not limited to the IND AS/Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein in accordance with the Applicable Laws. The Company shall make the necessary disclosures under the SBEB & SE Regulations at the time of grant, including as provided in Part G of Schedule I of the SBEB & SE Regulations.

The Board of Directors of the Company shall, at each annual general meeting, place before the shareholders, a certificate from the secretarial auditors of the Company that the scheme(s) has been implemented in accordance with these regulations and in accordance with the resolution of the Company in the general meeting.

The Company shall comply with the disclosure and accounting requirements as prescribed under Regulations 14 and 15 of the SBEB & SE Regulations respectively.

**23. NO RESTRICTION ON CORPORATE ACTIONS:**

(a) The existence of the Scheme 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 authorise 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 Scheme and/ or Grant made thereunder.

(b) Nothing contained in the Scheme shall be construed to prevent the Company from implementing any other new scheme, in accordance with Applicable Laws, for Granting Options (by way of employee stock options or restricted stock units) 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 on the Scheme and/ or Grant made thereunder.

**24. DISPUTE RESOLUTION:**

In the event of a dispute arising out of or in relation to the provisions of this Plan (including a dispute relating to the construction or performance thereof), the same shall be referred to the Board for determination/decision/interpretation and any such

determination/decision/ interpretation by the Board shall be final and binding on all persons affected thereby.

**25. TERM OF THE PLAN:**

- This Plan shall continue in effect unless terminated by the Company/Committee/Board.
- Any such termination of the Plan shall not affect the ESOPs already granted and such ESOPs shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Participant/Beneficiary and the Committee/Company/Board.
- The excess monies or shares remaining after meeting all the obligations, if any, shall be utilised for repayment of loan or by way of distribution to employees or subject to approval of the shareholders, be transferred to another Scheme under these regulations, as recommended by the Committee.

**26. GOVERNING LAW**

- (a) This Plan and all agreements hereunder shall be governed by and construed in accordance with the Applicable Laws including the foreign exchanges laws (as mentioned below).
- (b) In case any Options are granted to any Employee being resident outside India belonging to the Company or Subsidiary Company of the Company, as the case may be, 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 equity shares thereof.
- (c) All amendments made from time to time to the Applicable Laws, insofar as they apply to this Plan, shall automatically form a part of this Plan. The Board is authorized to give effect to such amendments in the text of this Plan.
- (d) The Optionee agrees and acknowledges that the Optionee has received and read a copy of the Plan.

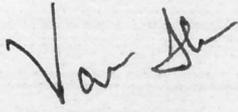
**27. NOTICES**

- (a) Any notice required to be given by an Optionee to the Company or any correspondence to be made between an Optionee and the Company may be given or made to the Company at the registered office of the Company in writing.
- (b) Any notice, required to be given by the Company to an Optionee or any correspondence to be made between the Company and an Optionee shall be

given or made by the Company at the address provided by the Optionee in the acceptance letter.

**APPROVED**

**For Honasa Consumer Limited**



**Varun Alagh**  
**Director**  
**DIN 07597289**  
**Date: January 28, 2024**

## **SCHEDULE - A**

### **Eligibility Criteria [•]**

The Scheme shall be granted to all Permanent Employees on the rolls of the Company as on July 31, 2018 who satisfies the below criteria:

- (a) Employees who have completed one year of service as on July 31, 2018;
- (b) Employees who are in Grade / Level of Managerial Scale as on July 31, 2018; and
- (c) Other Employees, including newly joined, as may be decided by the Nomination and Remuneration Committee/Board.

In addition to the above, the Nomination and Remuneration Committee/Board has the power to determine the eligibility of an Employee to receive Options under the Scheme on such other criteria as they may deem relevant.

## SCHEDULE - B

The Vesting schedule of the Options granted as mentioned below:

- 25% of the Options Granted shall Vest at the end of 12 (twelve) months from the date of issue of Options.
- Thereafter, balance 75% of the Options Granted shall Vest in equal instalments at the end of each quarter for the next 3 (three) years i.e. 6.25% quarterly Vesting. The below table summarizes the total Vesting.

<b>On completion from the date of issue of Options</b>	<b>Percentage of Vesting (Cumulative)</b>
12 Months	25%
15 Months	31.25%
18 Months	37.50%
21 Months	43.75%
24 Months	50.00%
27 Months	56.25%
30 Months	62.50%
33 Months	68.75%
36 Months	75.00%
39 Months	81.25%
42 Months	87.50%
45 Months	93.75%
48 Months	100.00%

**ANNEXURE - 1**

**GRANT LETTER**

Date: <<of giving grant letter>>

To,

<<Name of employee>> <<Designation>>

Dear <<Name of employee>>

**SUBJECT: GRANT OF EMPLOYEES STOCK OPTIONS UNDER THE HONASA  
CONSUMER LIMITED EMPLOYEES STOCK OPTION PLAN -  
2018(“PLAN”)**

We are pleased to inform you that you are hereby granted Employee Stock Options in Honasa Consumer Limited (“**Company**”) that entitles you, subject to terms and conditions as specified herein and in the Plan, to apply for and be allotted <<Equity share or any instruments which are convertible into equity share of the Company(As decided)>>of the Company. The terms and conditions of the Grant are as follows:-

The Grant shall be governed by the Plan, a copy of which has been enclosed herewith for your perusal. The Plan forms an integral part of this Grant letter and accordingly, the Plan is deemed to have been incorporated herein. Please carefully read the same.

<b>PARTICULARS</b>	
Date of Grant	[•]
Number of Options Granted	[•]
Vesting Period	Total Vesting Period shall be 4 years from the date of Grant.
Exercise Window	Based on the Trigger Event/ Exercise Event as defined in the Scheme
Exercise Period	Based on the Trigger Event/ Exercise Event as defined in the Scheme
Exercise Price	Exercise Price shall be at ....% discount to the share price at which the Primary Transaction or Secondary Transaction is undertaken, whichever is the latest.
Issue of Equity Shares/Settlement of ESOPs	Within the timeline as may be decided by the Board.

Also, please note the Vesting schedule of the Options granted as mentioned below:

- 25% of the Options Granted shall Vest at the end of 12 (twelve) months from the date of issue of Options.
- Thereafter, balance 75% of the Options Granted shall Vest in equal instalments at the end of each quarter for the next 3 (three) years i.e. 6.25% quarterly Vesting. The

below table summarizes the total Vesting.

<b>On completion from the date of issue of Options</b>	<b>Percentage of Vesting (Cumulative)</b>
12 Months	25%
15 Months	31.25%
18 Months	37.50%
21 Months	43.75%
24 Months	50.00%
27 Months	56.25%
30 Months	62.50%
33 Months	68.75%
36 Months	75.00%
39 Months	81.25%
42 Months	87.50%
45 Months	93.75%
48 Months	100.00%

Please feel free to contact <<Name of the contact person of Company>>, for any clarifications that you may need at any time in connection with the Plan.

You are requested to sign the acceptance letter (sent along with this Grant letter) signifying your agreement to the terms and conditions of the Grant letter including the Plan.

Thanking You

Yours sincerely

For Honasa Consumer Limited

<<Name of authorized signatory>>

Authorised Signatory

## ANNEXURE 2

### LETTER OF ACCEPTANCE

Date: <<of acceptance>>

To

Board of Directors,  
Honasa Consumer Limited  
10th Floor, Capiral Cyberscape,  
Ullahwas, Sector-59, Gurugram,  
Haryana - 122102  
Dear Sirs

**Subject: Grant Letter dated <<Date of grant letter>>**

Pursuant to the Honasa Consumer Limited Employees Stock Option Plan - 2018 (“**Plan**”) framed by Honasa Consumer Limited (“**Company**”), I, <<Name of Employee>>, was offered Employee Stock Options (“**Options**”) vide the Grant letter dated <<Date of grant letter>>.

Having read and understood the Grant letter including the Plan, I hereby irrevocably give my acceptance for the Grant of <<Number of options accepted by Employee>> (<insert number in words>) Options out of aggregate of <<Total no. of options offered to Employee>> (<insert number in words>) Options offered to me as per the terms and conditions set out in the Grant letter.

Regards

<<Name and signature of Employee>>

## ANNEXURE 3

### EXERCISE NOTICE

Date: <<of exercise of options>>

To

Board of Directors  
Honasa Consumer Limited  
10th Floor, Capiral Cyberscape,  
Ullahwas, Sector-59, Gurugram,  
Haryana - 122102

**DEAR SIRS**

**REFERENCE: GRANT LETTER/S DATED <<DATE OF GRANT LETTER>>.**

1. Pursuant to the Honasa Consumer Limited Employees Stock Option Plan - 2018 (“**Plan**”) framed by Honasa Consumer Limited (“**Company**”), I, <<Name of Employee>> was granted <<No. of Options accepted>> Employee Stock Options (“**Options**”) vide the Grant letter dated <<Date of Grant letter>>.
2. As per the Vesting schedule provided in the Grant Letter, an aggregate of <<No. of shares Vested as per Vesting schedule>> Options have vested in me.
3. Pursuant to the Exercise of Options, vide this exercise notice and upon acceptance of the terms and conditions set out in the Grant letter, Plan, Articles of Association of the Company, any other conditions as set out by the Board and provisions of the Companies Act, 2013, please issue and allot in my name <<Equity share or any instruments which are convertible into equity shares of the Company (As decided)>> of the Company.
4. I hereby undertake that I will sign all such other documents and do all such acts, if any, necessary on my part to enable me to be registered as the holder(s) of the <<Equity share or any instruments which are convertible into equity share of the Company(As decided)>> as per the provisions of this letter.

Regards

(Name of Employee with signature)