

PC Jeweller Limited

Employee Stock Option Plan 2011

Contents

PART A:	STATEMENT OF RISKS
PART B:	INFORMATION ABOUT THE COMPANY
PART C:	SALIENT FEATURES OF THE SCHEME

PART A: STATEMENT OF RISKS

All investments in shares or options on shares are subject to risk as the value of shares may go down or go up. In addition, employee stock options are subject to the following additional risks:

1 Concentration

The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.

2 Leverage

Any change in the value of the share can lead to a significantly larger change in the value of the option as an option amounts to a levered position in the share.

3 Illiquidity

The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.

4 Vesting

The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the services of the employee are terminated for cause as defined in Clause 17 – 'Termination of employment' of this plan.

PART B: INFORMATION ABOUT THE COMPANY

5 Business of the company

5.1 Profile of the company

History

The Company was incorporated on April 13, 2005 in New Delhi under the Companies Act as a private limited company under the name 'P Chand Jewellers Private Limited' with the RoC. Pursuant to a resolution passed by the shareholders of the Company in their meeting dated September 15, 2007, the name of the Company was changed to 'PC Jewellers Private Limited', and a fresh certificate of incorporation was issued on October 16, 2007. Further, pursuant to a resolution passed by the shareholders in their meeting dated November 25, 2009, the name of the Company was changed to 'PC Jeweller Private Limited', and a fresh certificate of incorporation was issued on December 9, 2009. Pursuant to a resolution passed by our shareholders on July 5, 2011, the Company was converted in to a public limited company, following which the name was changed to 'PC Jeweller Limited', and a fresh certificate of incorporation was issued on August 2, 2011.

Main Objects

The main objects of the Company as contained in its Memorandum of Association are as follows:

Clause	Particulars
(A) 1.	To carry on the business of manufacturing, trading, import, export of all kinds of gold, silver, platinum, diamond jewellery and ornament.
(A) 2.	To cut, saw, clean, polish, sort drill, string, and set up lapidary of diamonds, precious and semi-precious stones and to buy, sell import, export and otherwise deal in rough and polished diamonds, both industrial and gem quality and other precious and semi-precious gems, pearls and stones.
(A) 3.	To carry on the business of testing, evaluation, appraisal and certification of gemstones, jewellery, minerals, curios, antiques, and other works of art and to work as certified valuers.
(A) 4.	To carry on the business of manufacturing, trading, import and export of gold and silver jewellery, gold, silver, precious and semi-precious stones and metals.
(A) 5.	To carry on the business of gold, diamond, silver precious and semi-precious stones. To trade and deal in diamond, silver, precious and semi precious imitation jewellery of all kinds.

Clause	Particulars
(A) 6.	To trade and deal in, manage, purchase or otherwise acquire and sell, dispose of import, export, exchange, hold and deal in diamond, precious stone, gold and silver chains, bullion and jewellery, pearls, coins, cups, medals, shields, curious articles of virtue, art and antiques and to deal, trade and establish showroom, shop, for trading of goods for the above business.

Business

P C Jeweller Limited is one of the leading jewellery companies in India, with a focus on jewellery retail. The Company's operations include the manufacture, retail and wholesale of jewellery. The Company offers a wide range of products including gold jewellery, diamond jewellery and other jewellery including silver articles with a focus on diamond jewellery and jewellery for weddings.

In addition to its retail operations, the Company also sells gold and diamond jewellery on a wholesale basis to other jewellery retailers in India. The Company also exports gold and diamond jewellery on a wholesale basis to international distributors in Dubai, Hong Kong and Singapore.

5.2 Financials of the company

Balance Sheet						
<i>(All amounts in Indian Rupees, unless otherwise stated)</i>						
	Schedule	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS						
Shareholders' funds						
Share capital	1	446,555,000	401,555,000	402,013,508	263,776,116	234,135,143
Share application money pending allotment		6,986,247	268,743,000			
Reserves and surplus	2	2,798,414,299	1,124,737,105	460,164,980	150,408,280	20,717,953
Loan funds						
Secured loan	3	1,364,138,713	801,154,051	2,106,871,261	525,033,561	431,245,372
Unsecured loan	4	34,048,000	32,132,000			
		1,398,186,713	833,286,051	2,969,049,749	939,217,957	686,098,467
Deferred tax liabilities						
	5	-	430,897			
		4,650,142,259	2,628,752,053			
APPLICATION OF FUNDS						
Fixed assets						
Gross block	6	388,507,653	250,235,535	121,470,644	78,525,696	32,933,409
Less : Accumulated depreciation and amortisation		70,366,658	41,139,147	22,563,493	10,712,219	5,109,423
Net block		318,140,995	209,096,388	98,907,151	67,813,476	27,823,986
Capital work in progress (including capital advances)		49,545,019	47,816,164			
		367,686,014	256,912,552			
Deferred tax assets						
	5	750,077	-			
Current assets, loans and advances						
Inventories	7	5,500,912,995	3,356,124,773			
Sundry debtors	8	4,248,063,950	2,561,591,181			
Cash and bank balances	9	190,578,477	222,736,991			
Other current asset	10	32,622,295	9,477,103			
Loans and advances	11	466,898,227	96,873,741			
		10,439,075,944	6,246,803,789	3,800,652,497	1,526,616,442	947,203,163
Less: Current liabilities and provisions						
Current liabilities	12	6,106,486,604	3,837,790,646			
Provisions	13	50,883,172	38,782,153			
		6,157,369,776	3,876,572,799	931,153,299	655,858,762	289,298,882
Net current assets		4,281,706,168	2,370,230,990	2,869,499,198	870,757,681	657,904,281
Miscellaneous Expenditure						
(To the extent not written off or adjusted)		-	1,608,511	643,400	646,800	370,200
		4,650,142,259	2,628,752,053	2,969,049,749	939,217,957	686,098,467

Profit and Loss Account

(All amounts in Indian Rupees, unless otherwise stated)

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
INCOME						
Income from operations	14	19,770,549,592	9,848,475,189	7,115,218,634	3,755,723,622	1,452,464,556
Other income	15	197,403,933	132,060,944	22,187,165	6,937,636	94,653,310
		<u>19,967,953,525</u>	<u>9,980,536,133</u>	<u>7,137,405,799</u>	<u>3,762,661,258</u>	<u>1,547,117,866</u>
EXPENDITURE						
Cost of goods sold	16	17,279,808,176	8,543,268,154	6,418,771,177	3,405,887,998	1,401,314,406
Manufacturing expenses	17	175,241,740	80,927,389	35,147,038	24,182,637	21,170,885
Employee cost	18	76,858,468	40,265,645	28,951,784	11,906,044	7,844,310
Administrative, selling and other expenses	19	305,109,660	160,639,057	131,252,234	87,861,019	54,922,383
Finance charges	20	458,458,579	366,936,472	172,182,848	76,688,471	35,578,261
Depreciation and amortisation	6	29,687,284	18,575,604	11,851,274	6,525,192	3,210,962
		<u>18,325,163,907</u>	<u>9,210,612,321</u>	<u>6,798,156,354</u>	<u>3,613,051,361</u>	<u>1,524,041,207</u>
Profit before tax and prior period adjustment		1,642,789,618	769,923,812	339,249,445	149,609,898	23,076,659
Tax expense						
Current tax		215,616,271	105,186,150			
Less : minimum alternate tax credit entitlement		(25,947,657)	-			
Tax earlier years		1,380,593	531,397			
Deferred tax benefit		(325,827)	(365,860)			
Profit after tax and before prior period adjustment		<u>1,452,066,238</u>	<u>664,572,125</u>			
Prior period adjustment	21	3,389,045	-			
Profit after tax and prior period adjustment		<u>1,448,677,193</u>	<u>664,572,125</u>			
Profit brought forward from previous year		1,124,737,106	460,164,980			
Balance carried to reserves and surplus		<u>2,573,414,299</u>	<u>1,124,737,105</u>	<u>309,756,700</u>	<u>129,690,327</u>	<u>13,454,341</u>

6 Risk factors

The risks and uncertainties include, but are not limited to, risks and uncertainties regarding fluctuations in earnings rates, our ability to manage growth, intense competition in our areas of services including those factors which may affect our cost advantage, our ability to attract and retain highly skilled professionals, non-availability or high cost of bullion and diamonds, client concentration, our ability to manage our marketing & sales operations, reduced demand for our key focus areas, liability for damages on our products and services, , withdrawal of governmental fiscal incentives, political instability, legal restrictions and general economic conditions affecting our industry.

Management Perception: Some of the risks are normal to the nature of industry in which the Company operates and some others are beyond the control of the Company.

7 Continuing disclosure requirement

The Option Grantee would be entitled to receive copies of all documents that are sent to the members of the Company. This shall include the annual accounts of the Company as well as notices of meetings and the accompanying explanatory statements. However, the Option Grantee will not be entitled to attend and vote in the meeting.

PART C: SALIENT FEATURES OF THE SCHEME

This part contains the salient features of the employee stock option scheme of the Company including the conditions regarding vesting, exercise, adjustment for corporate actions, and forfeiture of vested options.

8 Plan objectives

The objectives of PC Jeweller Employee Stock Option Plan 2011 (or the “Plan” or “Scheme” or “ESOP 2011”) are as follows:

- Introduce a long term incentive tool to attract, motivate and retain talent
- Provide wealth creation opportunities to critical employees
- Cash Conservation
- Reward loyalty

9 Definitions and Interpretations

9.1 Definitions

In this document, the following expressions including their grammatical variations or cognate expressions shall, where the context so admits, have the following meaning:

- **Applicable Law** means the legal requirements relating and as applicable to Employee Stock Options, including, without limitation, the Companies Act, 1956, as amended Securities and Exchange Board of India Act, 1992, as amended, the guidelines and regulations issued by the Securities and Exchange Board of India including the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“**SEBI Guidelines**”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction or of any stock exchange on which the shares are listed or quoted.
- **Board/ Board of Directors** means the Board of Directors of the Company for the time being and re-constituted and/or re-structured from time to time during the existence of this Plan.
- **Change in Capital Structure** means a change in the capital structure of the Company as a result of reclassification of shares, splitting up of the face value of shares, sub-division of shares, issue of bonus shares, issue of rights shares, conversion of shares into other shares or securities and any other change in the rights or obligations in respect of shares.

- **Closing Date** of a grant shall mean two months from the date of grant. The options would be considered as lapsed if the employee does not accept the offer in writing.
- **Common Stock** means the equity shares of the Company and includes any securities convertible into equity shares.
- **The Act** means the Companies Act, 1956 for the time being in force and as amended from time to time, including any statutory re-enactment thereof.
- **Company** means PC Jeweller Limited incorporated on April 13, 2005 with its registered address at 24/2708, Bank Street, Karol Bagh, Delhi, its successors and assigns.
- **Compensation Committee** shall mean the 'Remuneration and Compensation Committee' constituted and set up by the Company under Clause 12 –'Administration and Compensation Committee' of this Plan.
- **Corporate Action(s)** means and includes one of the following actions:
 - the merger, de-merger, spin-off, consolidation, amalgamation, sale of business or other reorganization of the Company (except to a Subsidiary) in which all the shares are converted into or exchanged for :
 - a different class of securities of the company ; or
 - any securities of any other issuer ; or
 - Cash ; or
 - Other property
 - The sale, lease or exchange of all or substantially whole of the assets/ undertaking of the Company to any other company or entity (except a Subsidiary)
 - The adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up.
 - The issue of equity shares of the Company including by way of an offering to the public, rights issue and bonus issue
- **Director** means a member of the Board of the Company.
- **Disability** shall mean "Disability" as defined in any applicable agreement between the Grantee and the Company or if there is no such agreement or Disability is not defined therein, then a Grantee's becoming physically or mentally incapacitated so that he is therefore reasonably expected to be unable for a period of three (3) consecutive months or for an aggregate of six (6) months in any twelve (12) month period to perform his duties to the Company.

- **Eligibility criteria** means the criteria specified in Clause 22 – ‘Eligibility’ of this Plan, as may be determined from time to time by the Board for granting the Stock Options to the Employees.

- **Employee** means:
 - a permanent employee of the Company working in India or out of India; and
 - a director of the Company, whether a whole time director or not;
 - an employee as defined in sub-clauses (a) or (b) of a Subsidiary, in India or out of India, or of a Holding Company of the Company.

However, it shall not include any employee who is a Promoter or belongs to the Promoter Group or a Director who either by himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company.

- **Exercise, or Exercised**, in relation to Options means, the tendering by an Employee, of an application for the issue of shares, pursuant to the Options vested in him under the Grant and the Plan accompanied by the Exercise Price payable for the Shares.

- **Exercise Period** in relations to the Options means the period commencing from the date of Vesting of Options and ending on the date after which Options cannot be exercised.

- **Exercise Price** means the price payable by the Employee for exercising the Option granted to him in pursuance of this Plan.

- **Fair Market Value** means, as of any specified date, means the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/ shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume during the aforesaid period should be considered. If the Common Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its Fair Market Value shall be made by the Compensation Committee based on the advice of an independent appraiser.

- **Grant** means, individually or collectively, issue of Options to Employees under the Plan.

- **Grantee** means an Employee who has been granted Stock Options pursuant to the Plan where the context so requires includes his/her legal heirs and/or designated beneficiary.

- **Grant Date** means the date on which Stock Options are granted to an eligible Employee pursuant to the Plan.

- **Group Company** means a holding or subsidiary company as defined under the Act and as altered from time to time.
- **Holding Company** means a holding company as defined under the Act and as altered from time to time.
- **IPO** means Initial Public Offer of the Company's shares resulting in listing of the shares on any Recognized Stock Exchange.
- **Option or Stock Option** means a right but not an obligation granted to an Employee to subscribe for shares or any Resultant Shares of the Company in pursuance of the Plan at a pre- determined price and upon such terms and conditions as may be specified.
- **Option Agreement** means a written agreement entered into between the Company and an Employee with respect to an Option, a Grant to such Employee, and on such terms and conditions as stipulated in this Plan and as may be suggested/ recommended by the Compensation Committee from time to time.
- **Permanent Disability** means any Disability of whatsoever nature be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee for a continuous period of six months from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Compensation/Remuneration Committee based on a certificate of a medical expert identified by such Committee.
- **Plan or Scheme**, means the ESOP 2011 as set out herein and as amended or modified from time to time.
- **Promoter** means:
 - The person or persons who are in overall control of the company.
 - The person or persons who are instrumental in the formation of the company or program pursuant to which the shares are offered to the public
 - The person or persons named in the offer document as promoter(s). Provided that a director or officer of the company if he is acting as such only in the professional capacity will not be deemed to be a promoter.

Explanation: Where the promoter of a company is a body corporate, the promoter of that body corporate shall also be deemed to be a promoter of the company.

- **Promoter Group** means:
 - an immediate relative of the Promoter (i.e., spouse of that person, or any parent, brother sister or child of that person or of the spouse) ;
 - Persons whose shareholding is aggregated for the purpose of disclosing in the offer document “shareholding of the promoter group”.

- **Recognized Stock Exchange** means stock exchange in India recognized by Securities Board and Exchange Board of India or stock exchange outside India recognized by similar regulatory authorities of the countries outside India.

- **Resultant Shares** means the equity shares issued in lieu of shares of the Company on any Change in Capital Structure or on any Corporate Action as mentioned in this Plan.

- **Retirement** means retirement as per the rules of the Company

- **Share** means the equity shares of the company and the securities convertible into equity shares and shall include American Depository Receipts (ADR), Global Depository Receipts (GDR), or other depository receipts representing underlying equity shares or securities convertible into equity shares and where the context so requires shall include the Resultant Shares.

- **Strategic Sale** refers to the sale of hundred percent of the equity of the Company in its entirety and/or any event resulting from Corporate Action undertaken by the Company.

- **Subsidiary** means a Subsidiary company as defined under the Act, and as altered from time to time.

- **Tenure or Grant Tenure** means the period from approval of grant till the date to which the Grant is effective.

- **Unvested Option** means an Option in respect of which the relevant vesting conditions have not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Option.

- **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.

- **Vesting** means the process by which the Employee is given the right to apply for Shares of the Company against the Option granted to him in pursuance of the Plan, provided that there shall be a minimum period of one year between the Grant and first Vesting of Options.

- ***Vesting Conditions*** means the conditions subject to which the Option granted would vest in an Option Grantee.
- ***Vesting Period*** means the period during which the Vesting of the Option granted to the Employee in pursuance of the Plan takes place, provided that there shall be a minimum period of one year between the Grant and first vesting of Options.

The definitions as given in this Section are for the purposes of interpretation of this Plan only and should not be used for any other purpose.

9.2 Interpretations

In this document, unless otherwise stated or intention appears:

- The singular includes the plural and vice versa
- The word person includes an individual, a firm, a body corporate or any other authority
- Any word or expression importing the masculine or feminine genders only shall be taken to include all these genders.

9.3 Section Headings

The section headings are for information only and shall not affect the construction of this document.

9.4 References

- A reference to a clause or schedule is respectively a reference to a clause or schedule of this document. The Schedules, if any, to this document shall for all purposes form part of this document.
- Reference to any Act, Rules, Regulations, Statutes or Notifications/Circulars/ Press Notes shall include any statutory modification, substitution or re-enactment thereof.

10 Implementation

The Plan shall be implemented by the Compensation Committee under the policy and framework laid down by the Company and/or Board of Directors of the Company, in accordance with the authority delegated to the Compensation Committee in this regard from time to time and subject to the amendments, modifications and alterations to the Plan made by the Company and/or Board of Directors in this connection.

The issuance of Shares will be under the guidance, advice and direction of the Compensation Committee constituted under this Plan.

11 Effective date of the Plan and Tenure of Grant

11.1 Effective dates

The Plan shall be deemed to have come into force on such date as may be decided by the Board of Directors of the Company subject to the approval of shareholders of the company in general meeting.

11.2 Termination

If any Stock Options granted under the Plan are terminated under the provisions of Clause 25- 'Amendment or Termination of Plan', such options shall be available for further award under the Plan.

11.3 Tenure

The Tenure of each Grant means the period from approval of grant till the date to which the Grant is effective. Any Stock Options, which remain unexercised after the Tenure of the Grant, would automatically be deemed to be lapsed and/or ineffective.

12 Administration and Compensation Committee

12.1 Administration of plan

The ESOP 2011 shall be administered by the Compensation Committee of the Board of Directors of the Company. All questions of interpretation of the ESOP 2011 or any Employee Stock Option Plan shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2011 or such Employee Stock Option Plan.

12.2 Constitution of the Compensation Committee

The Compensation Committee, as already constituted by the Board of Directors, shall consist of such number of persons not less than three, as the Board of Directors shall deem fit with majority being non-executive independent directors in accordance with the SEBI Guidelines. The Compensation Committee, in Exercise of its powers, may require any information from the Board/Company and/or seek any assistance from the Board/ Company and/or any Employee of the Company as it may deem fit to, fully and effectively discharge its duties and responsibilities.

12.3 Powers

The Powers of, the Compensation Committee, inter alia, include the power to formulate:

- ESOP plans, get the same approved from the Board and implement them

- the quantum of Stock Options to be granted under an Employee Stock Option Plan per Employee and in aggregate;
- the conditions under which Options vested in Employees may lapse in case of termination of employment for misconduct;
- the Exercise Period within which the Employee should Exercise the Option and that Option would lapse on failure to Exercise the Option within the Exercise Period;
- the specified time period within which the Employee shall Exercise the Vested Options in the event of termination or resignation;
- determination of the Exercise Price
- 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;
- the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of Corporate Actions. In this regard the following shall be taken into consideration by the Compensation Committee:
 - the number and the price of the Stock Options shall be adjusted in a manner such that total value of the Stock Options remains the same after the Corporate Action;
 - for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
 - The Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option holders.
 - the grant, Vesting and Exercise of Options in case of Employees who are on long leave; and
 - the procedure for cashless Exercise of Options, if applicable

The Compensation Committee shall frame suitable policies and systems to ensure that there is no violation of:

- Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and
- Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, by any employee.

The members of the Compensation Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board of Directors, subject to such rules and regulations as may be in force. The Board may further provide that the Compensation Committee shall Exercise certain powers only after consulting the Board of Directors of the Company, as the case may be.

12.4 Liability of Members of the Compensation Committee

No member of the Compensation Committee shall be personally liable for any decision or action made in good faith with respect to the Plan.

The Compensation Committee members shall, however, abstain from participating in and deciding matters that directly affect their individual ownership interests under the Plan.

13 Grant of Options

13.1 Grant Limits

- Compensation Committee may from time to time make Grants to one or more Employees, determined by it to be eligible for participation in the Plan in accordance with the provisions of Clause 22 – ‘Eligibility’ of the Plan. Shares shall be deemed to have been issued pursuant to Exercise of an Option under the Plan only to the extent actually issued and delivered pursuant to a Grant. To the extent that a Grant lapses or the rights of its Grantee terminate, any equity shares subject to such Grant shall again be available for the making of a Grant. The aggregate number of Shares which may be allotted upon Exercise of Stock Options issued under the Plan shall be subject to adjustment in the same manner as provided in this Plan.
- The Grant shall be at such price as may be determined by the Compensation Committee and shall be specified in the Grant.
- The Grant shall be in writing and shall specify the number of Options granted, the price payable for exercising the Options, the date/s on which some or all of the Options shall be eligible for Vesting, fulfilment of the performance and other conditions, etc, if any, subject to which Vesting shall take place and other terms and conditions thereto.
- The Option shall not be transferable and can be Exercised only by the employees of the Company. The option granted to the employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

13.2 Stock offered

The shares to be offered pursuant to a Grant shall be from the authorized share capital of the Company.

13.3 Structure of the plan

The Company has set aside 26,79,330 (Twenty Six Lakhs Seventy Nine Thousand Three Hundred and Thirty Only) shares of the authorized capital as on the Grant Date for the purpose of this Plan. Each Option entitles the Grantee thereof to apply for and be allotted one Share of the Company at the Exercise Price.

13.4 Grant Plan

All employees who are eligible as per Clause 22 – ‘Eligibility’ of the Plan shall be granted Options on the date they become eligible under the Plan. However, the Compensation Committee has the sole

discretion in granting Options prior to the employees meeting all the eligibility Criteria given in Clause 22 – 'Eligibility'.

13.5 Grant Criteria

All eligible employees will be granted Options by the Compensation committee on the basis of some or all of the following criteria, as and when they apply:

- Access to information and decision making authority in the organization
- Tenure and level in the organization
- Criticality of role / individuals
- Employees specially targeted for retention
- Such other factors as Compensation Committee may decide from time to time including qualifications, contribution towards the growth of the Company and other functional and managerial factors.

14 Vesting of Options

14.1 Vesting Plan¹

For eligible employees as identified by Nomination and Remuneration Committee, the Options granted under ESOP 2011 shall vest not earlier than 1 (one) year and not later than 5 (five) years from the Grant Date.

Within the aforesaid period, the Vesting Plan could be different for different eligible employees as may be determined by Nomination and Remuneration Committee. The Vesting Plan shall be provided to the eligible employees in the Grant Letter / Option Agreement.

14.2 Exercise of Unvested Options

The Compensation Committee in its absolute discretion may permit the Options granted, including Options, which have not vested to be exercised within such time and on such terms and conditions as it may determine.

15 Exercise of Options

15.1 Exercise plan

There shall be no lock-in after the Options have vested. The Vested Options would be eligible to be exercised from the Vesting Date itself. Notwithstanding any provisions to the contrary in this Plan the Options must be exercised before the end of the tenure of the Plan. The Shares arising out of

Exercise of Vested Options would not be subject to any lock-in-period after such Exercise, except as required by applicable law in the event of an Initial Public Offering of the Company's Shares.

15.2 Exercise Price

The Exercise Price would be decided at the Compensation Committee's sole discretion. Such Exercise Price will be intimated to the Employee at the time of grant of Options to them. Provided that, a Company may reprice the Options which are not exercised, whether or not they have been vested, if the ESOP Plan were to be rendered unattractive due to fall in the price of the Shares in the market. However, the Company will ensure that such repricing should not be detrimental to the interest of the employees and the approval of the shareholders of the Company in general meeting has been obtained for such repricing.

15.3 Other aspects

Notwithstanding anything contained elsewhere in the Plan, the Compensation Committee and/or the Board may, if the Exercise of Options within the Exercise Period is prevented by any law or regulation in force defer or refuse to permit the Exercise of Options till such time as it is prohibited by the applicable laws or regulations and in such an event, the Company shall not be liable to pay any compensation or similar payment to the Employee for any loss suffered due to such refusal. Provided further, that the Board shall have the power and be and is hereby authorized to cancel all or any of the Options granted under the Plan if so required under any law for the time being in force.

16 Exit plan

16.1 Whilst in employment

In event of an IPO, the employee will be free to sell his Shares in the open market, subject to any holding restrictions by SEBI, if any, at the time of the then applicable law.

In event of a Strategic Sale, all Vested Options of the employee will be exited in the currency of the transaction (cash or equity swap, as the case may be). With respect to Unvested Options, they will be traded with Options under the new entity or they will be deemed as vested and will be treated in the same manner as all other Vested Options.

In event of absence of the above two exit Options, an employee can exit by selling his Shares to a third party subject to the following order of right to refusal to purchase the shares at Fair Market Value or at such price as may be determined by the Compensation Committee:

- First right of refusal will remain with the Company or the purchaser of the Company

- Second right of refusal lies with Promoter Group
- Third right of refusal lies with other employees
- In case of refusal from all the above parties the employee can sell the Shares to any third party

16.2 Whilst not in employment

Until an IPO, the ex-employee who has Exercised his Options shall be free to sell his Shares to a third party subject to the right of first refusal lying with the Company and/or the Promoters and/or any other employee of the Company at the Fair Market Value and Exercise of right for first refusal shall not exceed a period of 30 days.

In event of an IPO, the ex-employee will be free to sell his Shares in the open market, subject to any holding restrictions by SEBI, if any, at the time of the then applicable law.

In event of a Strategic Sale, all Exercised Options of the ex-employee will be eligible for exit in the currency of the transaction (cash or equity swap) as for existing employees of the Company.

17 Termination of employment

If a Grantee's employment (or other service) with the Company terminates:

- For Cause, then all Options, vested (but not Exercised) or unvested, stand cancelled.

Cause shall mean, as determined by the Compensation Committee, which include but not limited to, - (i) the engaging by the Employee in wilful, reckless or grossly negligent misconduct which is determined by the Compensation Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise, or (ii) the Employee's pleading guilty to or conviction of a felony (iii) theft, sexual harassment, fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company to any third party, or (iv) employment of the Employee in any other organisation or provision of services by the Employee for any other organisation while employed with PC Jeweller Limited.

- Due to voluntary resignation on the part of the Grantee, then all Unvested Options stand cancelled as on the date of resignation by the employee. All Unvested Options would be forfeited by the Company. However, all Vested Options as on that date shall be exercisable by the employee within 30 days from the date of resignation.

- On completion of his/ her employment (or other service) due to Retirement, superannuation or otherwise, then the Grantee shall have right to Exercise the Options that have vested prior to separation from the Company. The employee must Exercise the Vested Options within three months in case of completion of the period of contract of his employment (or other service). All Unvested Options will stand cancelled as on the date of such Retirement, unless otherwise determined by the Compensation Committee whose decision will be final and binding.

- In the event of abandonment by an employee, all Options, vested (but not Exercised) or unvested, stand cancelled.
- In case of duly approved long leave of the Employee, the Vesting Period shall be increased by the period of such long leave taken by the Employee.
- In event of termination of employment without a cause, all Vested Options have to be exercised by the employee within 30 days from the date of such termination. All Unvested Options shall stand cancelled as on the date of such termination.
- For reasons other than those referred above, the Compensation Committee will decide whether the Vested Options on the date of separation can be Exercised by the employee or not, and such decision shall be final.

18 Death and Total & Permanent Disability

If a Grantee should die or become totally and permanently disabled while an employee of the Company, the Granted Stock Options shall vest and can be exercised as below:

- In the event of death of a Employee while in employment with the Company, all the Options granted to him till such date and lying unvested shall vest in the Beneficiary of the deceased Employee immediately on that day. All the Vested Options shall be permitted to be exercised within a period of 365 days from the date of death of the Employee or the expiry of the Exercise Period, whichever is earlier. Any Vested Options not Exercised within this aforesaid period shall lapse and stand forfeited and cancelled at the end of the aforesaid period.
- In the event that the termination of an Employee's employment with the Company, is as a result of total or permanent incapacity (i.e., incapacity to engage in work as a result of sickness, mental disability or otherwise or by reason of accident), all the Options granted to him till such date of permanent incapacitation and lying unvested, shall vest in him on that day. All the Vested Options shall be permitted to be Exercised within a period of 365 days from the date of permanent incapacitation or the expiry of the Exercise Period, whichever is earlier. Any Vested Options not Exercised within this aforesaid period shall lapse and stand forfeited and cancelled at the end of the aforesaid period.

19 Non Assignability

The Option shall not be transferable or assignable by the Employee, otherwise than by will or the laws of descent and distribution and the Option shall be exercisable, during the Employee's lifetime, only by him or, during periods of legal disability, by his legal representative. No Option shall be subject to execution, attachment or similar process. The Options granted shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

20 Rights of an employee in stock

20.1 Shareholder rights

Neither Employee, nor his successor in interest, shall have any of the rights of a Shareholder of the Company with respect to the Shares for which the Option is exercised until such Shares are issued by the Company.

20.2 Change of Employment within Company

Except as may be otherwise provided in this Plan, the Option granted hereunder shall not be affected by any change of employment so long as employee continues to be employed by the Company or a subsidiary of the Company.

21 Terms and conditions of Shares

All Shares acquired under the Plan will rank pari passu with all other Shares of the Company for the time being in issue. Dividend in respect of Shares allotted on Exercise of the Options shall be payable -from the date of allotment.

22 Eligibility

A Stock Option Grant made pursuant to the Plan may be granted only to an individual who, at the time of Grant, is an Employee as defined in this scheme.

The Compensation committee however is authorized to change the Eligibility Criteria from time to time, subject to approval of the Board.

Each Grant shall be evidenced by a written instrument duly executed by or on behalf of the Company.

An employee who is a Promoter or belongs to the Promoter Group shall not be eligible to participate in the Plan.

A Director who either by himself or through his relative(s) or through anybody corporate, directly or indirectly holds more than 10% of the outstanding equity Shares of the company shall not be eligible to participate in the Plan.

23 Stock Option/ Grants

23.1 Stock Option Agreement

Each Option shall be evidenced by an Agreement between the Company and the Grantee, which shall contain such terms, and conditions as may be approved by the Compensation Committee. Each Agreement shall specify the effect of termination of employment, total and Permanent Disability, Retirement or death on the exercisability of the Option and such other terms and conditions as the Compensation Committee may deem necessary.

Under each Agreement, a Grantee shall have the right to appoint any individual or legal entity in writing as his nominee under the Plan in the event of his death / total and Permanent Disability. Such designation may be revoked in writing by the Grantee at any time during the time of employment and a new nominee may be appointed in writing on the form provided by the Compensation Committee for such purpose. Such nominee shall be the only legal representative recognised by the Company/ Compensation Committee as the inheritor of the Grantees' Option to the exclusion of all others.

23.2 Option period

The term of each Option shall be as specified by the Compensation Committee at the Grant Date and shall be stated in the Agreement; provided, however, that an Option may not be Exercised after the end of the Tenure of the Grant. The option period for the ESOP 2011 as specified by the Compensation Committee is 8 years from the Grant Date.

23.3 Limitations on Exercise of Option

Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Compensation Committee and as permissible under the terms of the Plan, which shall be specified in the Agreement evidencing the Option. An Option shall not, however, be Exercised for fractional Shares.

24 Change in Capital Structure or Corporate Action

Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Compensation Committee, at its discretion as to number and price of Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined in this Plan.

The existence of the Plan and the Grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the Shareholders or the Company to make or authorize any 'Change in Capital Structure' or any 'Corporate Action' including any issue of Shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof, and

with respect to pricing of the Shares (Shares may be issued at par or at any price as may be decided by the Board of Directors or the Company which may be lower than the price at which Stock Option is / will be granted to the Employees, from time to time).

If there is a 'Change in the Capital Structure of the Company' before the Options granted under this Plan are Exercised, the Employee shall be entitled on Exercise of the Options, to such number of Resultant Shares to which he would have been entitled as if all the Options not Exercised by him had been Exercised by him before such 'Change in the Capital Structure' of the Company had taken place and the rights under the Options shall stand correspondingly adjusted.

The Shares in respect of which the Options are granted, are Shares as presently constituted. But if and when, prior to the expiry of the Exercise Period there is a 'Change in the Capital Structure' of the Company, the number of Shares with respect to which the Options may thereafter be Exercised shall, in the event of:

- An increase in the number of Resultant Shares be proportionately increased, and the Exercise Price, be proportionately reduced.
- A reduction in the number of Resultant Shares be proportionately reduced, and the Exercise Price, be proportionately increased.

Provided further that in case the provisions of applicable law restrict/prohibit the issue of Shares at a discount to its par value, the Exercise Price shall not be less than the amount as prescribed under such law.

In the event of 'Corporate Action', the Compensation Committee, at least seven days prior to any 'Corporate Action' or thirty days thereafter, acting in its absolute discretion with or without the consent or approval of the Employee, as it may deem fit, shall in respect of the outstanding Options act on any of the following alternatives:

- Provide that on any Exercise of Options hereafter, the Employee shall be entitled to the Shares and / or Resultant Shares as if the Employee had been a Holder of the Shares on Exercise of the Options.
- Make such adjustments to the Options outstanding to reflect the 'Corporate Action', as may be necessary,
- Require the mandatory surrender to the Company, by all or some of the Employees, of all or some of the outstanding Options, irrespective of whether, the Options, have vested or not, as on that date, and in such an event the Compensation Committee shall pay such Employees an amount in cash or otherwise, per Option, as the case may be, of the 'Change in Control Value' after deducting the balance Exercise Price payable, if any.

25 Amendment or Termination of Plan

Under the SEBI Guidelines, the Company may by special resolution in a general meeting vary the terms of the ESOP offered pursuant to an earlier resolution of the shareholders but not yet exercised by the employee provided that it is not prejudicial to the interests of the option holders. Without prejudice to the above, the Board of Directors/Compensation Committee, without any reference to or consent of the Employee concerned, amend the Plan or Grant or any Agreement to comply with any laws, regulations or guidelines, which is or may hereinafter, become applicable to this Plan.

26 Consequence of failure to Exercise Option:

The amount payable by the Employee, if any, at the time of Grant of Option:

- may be forfeited by the Company if the Option is not Exercised by the employee within the Exercise Period; or
- the amount may be refunded to the Employee if the Option are not vested due to non-fulfilment of condition relating to Vesting of Option as per the Plan.

27 Listing

The shares arising pursuant to the ESOP 2011, shall be listed immediately upon exercise in any recognised stock exchange where the securities of the Company are listed subject to compliance with applicable law. Further, the shares arising after the IPO, out of options granted under the ESOP 2011 framed prior to the IPO shall be listed immediately upon exercise in all the recognised stock exchanges where such equity shares are listed subject to compliance with the ICDR Regulations, and Clause 22.2A of the SEBI Guidelines.

In terms of Clause 22.2A of the SEBI Guidelines, prior to grant of any further options under the ESOP 2011, the ESOP 2011 shall be ratified by the shareholders of the Company in general meeting subsequent to the listing of its equity shares pursuant to the IPO. Further, no changes shall be made in the terms of options issued under the ESOP 2011, whether by repricing, change in vesting period or maturity or otherwise, (other than any adjustments for any corporate actions made in accordance with the SEBI Guidelines), unless prior approval of the shareholders in general meeting have been taken for such change.

28 Others

28.1 No right to a Grant

Neither the adoption of the Plan nor any action of the Compensation Committee shall be deemed to give an Employee any right to be granted an Option to purchase Common Stock, to receive a

Grant or to any other rights hereunder except as may be evidenced by an Option Agreement duly executed on behalf of the Company, and then only to the extent of and on the terms and conditions expressly set forth therein.

28.2 No Employment Rights Conferred

Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his or her employment at any time.

28.3 No Restriction of Corporate Action

Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any future Grant under the Plan. No Employee, beneficiary or other person shall have any claim against the Company as a result of such action.

28.4 Tax deduction at source

The Company shall have the right to deduct, in connection with all Grants, any taxes, if any, required by law to be deducted at source and to require any payments necessary to enable it to satisfy such obligations.

Upon giving not less than 07 days notice to the employee to the amount of tax, the Company shall be empowered to sell such number of Shares or deduct an amount from his/ her salary as would be necessary to discharge the obligation in the respect of tax deduction at source and appropriate the proceeds thereof on behalf of the employee.

28.5 Confidentiality

The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, Grant, the Option Agreement or any connected matter. Any violation may result in cancellation of Grant or compulsory retransfer of Shares to a nominee as the Compensation Committee may deem fit without prejudice to the other action which may be taken in this regard.

28.6 Insider Trading

The Employee shall ensure that there is no violation of:

- Insider Trading Regulations of the Country and/or the Recognized Stock Exchange on which the Shares of the Company are listed.
- Other applicable restrictions for prevention of Fraudulent and/or Unfair Trade Practices relating to the Securities Market.

The Employee shall keep the Company, the Board and the Compensation Committee, fully indemnified in respect of any liability arising for violation of the above provisions.

28.7 New Plans

Nothing contained in the Plan shall be construed to prevent the Company directly or through any trust settled by Company, from implementing any other new Employee Ownership Plan which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Plan or any Grant made under the Plan. Subject to applicable law, no Employee or other person shall have any claim against the Company and/or trust as a result of such action.

28.8 Issues

In respect of any issues arising in respect of the Plan, the decision of the Board and/or Compensation Committee shall be final and binding on all concerned.

28.9 Information to Employees

Grantees under the Plan shall receive financial statements annually regarding the Company during the period the Options are outstanding.

28.10 Any outflow under ESOP scheme

Any outflow for the company on any account including but not limited to any tax, cess, duty or levy [including Perquisite Value Tax] etc, as applicable from time to time at present or in future due to/under this Plan shall be recoverable from the concerned employee.

28.11 Governing Law

The Plan shall be construed in accordance with and subject to the laws of Republic of India and other applicable laws. The Shares issued pursuant to this Plan shall be governed by the corporate and securities laws of the India and in a case where the Shares are listed on a stock exchange in a

country other than India, the laws of the country / stock exchange in which the Shares are listed shall also apply.

The courts at New Delhi shall have the exclusive jurisdiction.

AS ADOPTED BY THE SHAREHOLDERS AS OF 26th September, 2011.

AMENDMENTS / UPDATES:

1) First Amendment: (Approved by Members on 26/10/2017)

Clause No.	Existing Provision	New Provision
14.1	<p>Vesting Plan:</p> <p>The Vesting Period for the Grant shall be as follows:</p> <p>For eligible employees as identified by the Compensation Committee and at their sole discretion:</p> <ul style="list-style-type: none"> • 10% of the Options shall vest on the completion of 12 months from the Grant Date • 20% of the Options shall vest on the completion of 24 months from the Grant Date • 30% of the Options shall vest on the completion of 36 months from the Grant Date • 40% of the Options shall vest on the completion of 48 months from the Grant Date <p>Notwithstanding anything to the contrary in this plan, the Compensation Committee may be entitled, in its absolute discretion subject to applicable law, to vary or alter the Vesting Date from Employee to Employee or class there, as it may deem fit.</p>	<p>Vesting Plan:</p> <p>For eligible employees as identified by Nomination and Remuneration Committee, the Options granted under ESOP 2011 shall vest not earlier than 1 (one) year and not later than 5 (five) years from the Grant Date.</p> <p>Within the aforesaid period, the Vesting Plan could be different for different eligible employees as may be determined by Nomination and Remuneration Committee. The Vesting Plan shall be provided to the eligible employees in the Grant Letter / Option Agreement.</p>