

Employees ESOP 2016

TABLE OF CONTENTS

1. NAME, OBJECTIVE AND TERM OF THE PLAN	1
2. DEFINITIONS	1
3. AUTHORITY AND CEILING	5
4. ADMINISTRATION	5
5. ELIGIBILITY AND APPLICABILITY	6
6. VESTING SCHEDULE AND VESTING CONDITIONS	6
7. EXERCISE	7
8. TAG-ALONG RIGHTS OF OPTION GRANTEES	11
9. DRAG ALONG RIGHTS OF CURRENT SHAREHOLDERS	11
10. INITIAL PUBLIC OFFER (IPO)	12
11. CASH SETTLEMENT OF VESTED OPTIONS	12
12. LOCK-IN	12
13. RESTRICTION ON TRANSFER OF OPTIONS	12
14. OTHER TERMS AND CONDITIONS	12
15. DEDUCTION/RECOVERY OF TAX	13
16. ACCOUNTING AND DISCLOSURES	13
17. AUTHORITY TO VARY TERMS	14
18. MISCELLANEOUS	14
19. NOTICES	15
20. GOVERNING LAW AND JURISDICTION	15
21. INCOME TAX RULES	15
22. SEVERABILITY	16
23. CONFIDENTIALITY	16

1. Name, Objective and Term of the plan

- 1.1** This Employee Stock Option Plan shall be called the ‘CMS Employees Stock Option Plan 2016’ (hereinafter referred to as “**Employees ESOP 2016**”).
- 1.2** The objective of the Employees ESOP 2016 is to reward Employees for their association with the Company, to attract, retain, and motivate Employees to contribute to the growth and profitability of the Company.
- 1.3** The Employees ESOP 2016 has been approved by a special resolution passed by the shareholders of the Company in their extraordinary general meeting held on 20th October 2016 as amended by the shareholders of the Company in their extraordinary general meeting held on 13th August 2021. Employees ESOP 2016 shall be effective from this date (i.e. 20th October, 2016) and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the Employees ESOP 2016 have been issued and exercised, whichever is earlier.
- 1.4** The Shareholders by way of special resolution in a general meeting may subject to compliance with Applicable Laws, alter, amend, suspend or terminate the Employees ESOP 2016 in such a manner that such alteration, amendment, suspension or termination shall not be prejudicial to the interests of Employees.

2. Definitions

- i. “**Applicable Law**” means every rule, regulation or law relating to Employee Stock Options, including, without limitation, SEBI Regulations, the Companies Act 2013, including any enactment or re-enactment thereof, and all relevant tax, securities, exchange control or corporate laws of India.
- ii. “**Board**” means the Board of Directors of the Company.
- iii. “**Companies Act**” means the Companies Act, 2013 read with rules made thereunder and includes any statutory modifications or reenactments thereof.
- iv. “**Company**” means CMS Info Systems Limited a Company registered under the provisions of the Companies Act, 1956 having its registered office at T-151, 5th Floor, Tower No.10, Sector-11, railway station complex, CBD Belapur, Navi Mumbai-400 614.
- v. “**Company Policies/Terms of Employment**” means the Company’s policies for Employees and the terms of employment as contained in the Employment Letter and any other rules / bye-laws, policies issued from time to time.
- vi. “**Compensation Committee**” means the Nomination and Remuneration Committee of the Board, provided under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, which shall administer the Employees ESOP 2016.
- vii. “**Current Shareholder**” means Sion Investments Pte. Limited or any affiliate of Sion Investments Pte. Limited who holds Shares of the Company
- viii. “**Director**” means a member of the Board of the Company.
- ix. “**Eligibility Criteria**” means the criteria as may be determined from time to time by the Compensation Committee for granting the Employee Stock Options to the Employees.

- x. **“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 an employee, as defined in sub-clauses (i) or (ii) above, of a group company including Subsidiary Company, or an associate company, in India or outside India or of a Holding Company of the Company;

but excludes:

- a. an employee who is a Promoter or a person belonging to the Promoter Group;
 - b. a director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company;
- xi. **“Employee Stock Option”** means an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares underlying the Option at a pre-determined price.
- xii. **“Employees ESOP 2016”** means the CMS Employee Stock Option Plan 2016 under which the Company is authorized to grant Employee Stock Options to the Employees.
- xiii. **“Exercise”** of an Option means expression of an intention by an Employee to the Company to purchase the Shares underlying the Options vested in him, in pursuance of the Employees ESOP 2016, in accordance with the procedure laid down by the Company for exercise of these Options.
- xiv. **“Exercise Period”** means such period commencing after Vesting within which Vested Options should be exercised by an Option Grantee.
- xv. **“Exercise Price”** means the price payable by an Option Grantee in order to exercise the Options granted to him in pursuance of the Employees ESOP 2016.
- xvi. **“Fair Market Value”** means the value of a Share of the Company as determined by an independent valuer or by any other valuer as required by Applicable Laws for the time being in force.
- xvii. **“Grant”** means issue of Options to the Employees under the Employees ESOP 2016.
- xviii. **“Holding Company”** means any present or future holding Company of the Company, as per the provisions of the Companies Act, 2013.
- xix. **“Independent Director”** shall have the meaning as defined under the SEBI Regulations;
- xx. **“Listing” / “IPO”** means listing of the Company’s Shares on any recognized Stock Exchange.
- xxi. **“Liquidity Event”** shall mean any one or more of the following subject to the approval of the Board:

- (i) Listing, whereby the Shares of the Company get listed on any recognized

- Stock Exchange;
 - (ii) Strategic Sale within the meaning of the Employees ESOP 2016; and
 - (iii) Any other event, which the Board may designate as a Liquidity Event for the purposes of the Employees ESOP 2016.
- xxii. “**Misconduct**” means disregard of the Company’s bye-law, rules, regulations and the Company Policies/ Terms of Employment and includes mismanagement of position by action or inaction, alleged wrong doing, misfeasance, or violation of any rule, regulation or law which was expected to be abided by the Employee.
- xxiii. “**Option**” means Employee Stock Option within the meaning of this Employees ESOP 2016.
- xxiv. “**Option Grantee**” means an Employee who has been granted an Employee Stock Option in pursuance of the Employees ESOP 2016 and having a right but not an obligation to exercise the Options.
- xxv. “**Permanent Incapacity**” means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Board based on a certificate of a medical expert identified by the Board.
- xxvi. “**Promoter**” means promoter as defined in Companies Act, 2013 and under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- xxvii. “**Promoter Group**” means promoter group as defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- xxviii. “**Retirement**” means retirement as per the rules of the Company.
- xxix. “**SEBI Regulations**” means Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 issued by the Securities and Exchange Board of India (“**SEBI**”) under the SEBI Act, 1992 as amended from time to time.
- xxx. “**Shares**” means equity shares comprising in the paid-up equity share capital of the Company including those arising out of the exercise of Employee Stock Options granted under the Employees ESOP 2016.
- xxxi. “**Shareholder**” means the registered holder of a Share in the share capital of the Company.
- xxxii. “**Stock Exchange**” means the National Stock Exchange of India Limited, BSE Limited, or any other recognized Stock Exchanges in India on which the Company’s Shares are listed or proposed to be listed.
- xxxiii. “**Strategic Sale**” means sale of Shares constituting more than 50% (fifty percentage) of the Share Capital of the Company by the Current Shareholders to any individual(s), entity(ies) or group(s) by and involving change of control over the affairs of the Company.

Provided that sale of Shares by the Current Shareholder(s) among themselves, or to any company over which such selling Current Shareholder(s) or its affiliates have control, or which are under common control, shall not qualify as Strategic Sale.

- xxxiv. “**Subsidiary Company**” means any present or future Subsidiary Company of the Company, as per the provisions of the Companies Act, 2013.
- xxxv. “**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.
- xxxvi. “**Vesting**” means the process by which the Option Grantee is given the right to Exercise the Employee Stock Options granted to him in pursuance of the Employees ESOP 2016.
- xxxvii. “**Vesting Condition**” means any condition subject to which the Options granted would vest in an Option Grantee.
- xxxviii. “**Vesting Period**” means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the Employees ESOP 2016 takes place.
- xxxix. “**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.

2.1 Interpretation

In this Employees ESOP 2016, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

The terms defined in this Employees ESOP 2016 shall for the purposes of this Employees ESOP 2016 have the meanings herein specified and terms not defined in this Employees ESOP 2016 shall have the meanings as defined in the SEBI Regulations. Reference to any Act, Rules, Statute or Notification shall include any statutory modifications, substitution or re-enactment thereof.

The provisions of Clauses 6.4, 8, 9 and 11 shall cease to have effect upon Listing.

3. Authority and Ceiling

3.1 The Shareholders in their meeting held on 20th October 2016 have by way of a special resolution authorized the Board to issue 4,604,444 (four million six hundred and four thousand four hundred forty four) Employee Stock Options to the Employees under Employees ESOP 2016, exercisable into not more than 4,604,444 (four million six hundred and four thousand four hundred forty four) fully paid-up equity Shares in the Company of a face value of Rs.10 each, with each such Option conferring a right upon the Employee to apply for one Share of the Company, in accordance with the terms and conditions of such issue and subject to the provisions of Employees ESOP 2016.

3.2 The number of Options that may be granted to any specific Employee in one or more tranches shall not exceed 1,000,000 (One million) Options in aggregate under the Employees ESOP 2016.

- 3.3** If an Employee Stock Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the pool as mentioned in Sub-clause 3.1 and shall become available for future Grants, subject to compliance with all Applicable Laws.
- 3.4** Where Shares are issued consequent upon exercise of an Employee Stock Option under the Employees ESOP 2016, the maximum number of Shares that can be issued under Employees ESOP 2016 as referred to in Clause 3.1 above shall stand reduced to the extent of such Shares issued.
- 3.5** In case of a Share split or consolidation, if the revised face value of the equity share is less or more than the current face value as prevailing on the date of coming into force of this Employees ESOP 2016, the maximum number of Shares available for being granted under Employees ESOP 2016 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (No. of Shares X Face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation. Thus, for example, if the prevailing face value of each Share is Rs. 10 per Share and the revised face value after the Share split is Rs. 5 per Share, the total number of Shares available under Employees ESOP 2016 would be (Shares reserved at Sub-Clause 3.1 x 2) Equity Shares of Rs.5 each.

4. Administration

- 4.1** The Employees ESOP 2016 shall be administered by the Compensation Committee working under the powers delegated by the Board of the Company
- 4.2** All questions of interpretation of Employees ESOP 2016 shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the Employees ESOP 2016 or in any Employee Stock Option issued thereunder.
- 4.3** The Compensation Committee shall in accordance with this Employees ESOP 2016 and Applicable Laws determine the following:
- (a) The quantum of Employee Stock Options to be granted to an Employee under Employees ESOP 2016, subject to the Ceiling as specified in Sub-clauses 3.1 and 3.2;
 - (b) The Eligibility Criteria subject to which an Employee would become entitled to be granted options under the Employees ESOP 2016;
 - (c) The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for Misconduct;
 - (d) Exercise Period;
 - (e) The procedure for making a fair and reasonable adjustment to the number of Employee Stock Options and/or to the Exercise Price in case of a corporate action such as rights issues, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration by the Board:
 - i. the number and / or the Exercise Price of the Employee Stock Options shall be adjusted in a manner such that the total value of Options remains the same before and after such corporate action;
 - ii. the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantee
 - (f) The procedure and terms for Grant, Vesting and Exercise of Employee Stock Option

in case of Employees who are on long leave;

- (g) The procedure for cashless Exercise of Employee Stock Options, if required;
- (h) Approve forms, writings and/or agreements for use in pursuance of Employees ESOP 2016.
- (i) Frame any other byelaws, rules or procedures as it may deem fit for administering Employees ESOP 2016.
- (j) Decide all other matters that must be determined in connection with an Option under the Employees ESOP 2016.

4.4 Once the Shares of the Company are listed, the Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its Employees.

5. Eligibility and Applicability

5.1 Only Employees are eligible for being granted Employee Stock Options under Employees ESOP 2016. The Eligibility Criteria for any particular Grant and the specific eligible Employees to whom the Options would be granted shall be determined by the Compensation Committee as per their discretion from time to time.

The Employees ESOP 2016 shall be applicable to the Company, its Subsidiary in or outside India, and its Holding Company if any, and any successor Company thereof and may be granted to the Employees of the Company, or of its Subsidiary Company(ies), or its Holding Company, as determined by the Board at its sole discretion.

6. Vesting Schedule and Vesting Conditions

6.1 Employee Stock Options granted under Employees ESOP 2016 shall vest within not less than **1 year** and not more than **6 years** from the date of grant of such Options, but in no event earlier than one year from the date of Grant. Provided further that in the event of Death or Permanent Disability of a Participant, the minimum vesting period of one year shall not be applicable and in such instances, the options shall vest in terms of Clause 7.2(b) below.

6.2 Subject to clause 6.1 above, vesting of Options would be subject to continued employment with the Company, including Subsidiary Company (ies), Holding Company, as the case may be, and thus the Options would vest essentially on passage of time. In addition to this, the Board may also specify certain performance criteria (“Performance Criterion”) subject to satisfaction of which the Options would vest.

Provided that the exact vesting schedule and vesting condition shall be as per broad policy mentioned in “**Annexure 1**” unless otherwise decided by the Nomination and Remuneration Committee in any specific or general cases.

The specific vesting schedule and vesting conditions subject to which vesting would take place would be outlined in the document given to the Option Grantee at the time of grant of Options.

The Nomination and Remuneration Committee will finalise the Performance Criterion for each financial year.

The Nomination and Remuneration Committee may relax the Performance Criterion for vesting or revise the time based vesting schedule and/or performance based vesting schedule as provided in Annexure I or as outlined in the document given to Option Grantee at the time of grant of option so long as the same is not detrimental to the interest of Employee.

6.3 Vesting of Options in case of Employees on long leave

The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Board.

6.4 Power to accelerate vesting in certain cases

Subject to Applicable Laws, prior to the consummation of an IPO, the Board shall have the power to accelerate vesting in the manner set out below:

- (i) The Board shall have the power to accelerate Vesting of all Unvested Options in connection with happening of a Liquidity Event within the meaning of this Employees ESOP 2016.
- (ii) The Options remaining unvested as on date of meeting of the Board considering the proposal for such acceleration, may at the discretion of the Board be deemed to Vest with effect from that date or from such other date as the Board may determine.

Provided that acceleration of Vesting in the manner aforesaid shall be approved keeping in view the life of such Unvested Options from the date of grant thereof in due compliance with statutory minimum Vesting Period as per Applicable Laws.

- (iii) In case after approval of acceleration of Vesting of Unvested Options by the Board, there occurs no Liquidity Event, on consideration of which Board had approved such acceleration, such non-occurrence shall lead to automatic cancellation of such acceleration as if such proposal was never considered nor approved by the Board as a result of which such Unvested Options shall be subject to normal Vesting Schedule.

7. Exercise

7.1 Exercise Price

- (a) The Exercise Price shall be such price as determined by the Compensation Committee being not less than the face value of an Equity Share of the Company as on date of grant of Options.
- (b) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Compensation Committee may decide from time to time.

7.2 Exercise of Options:

(a) Exercise while in employment:

Prior to IPO, the Vested Options can be exercised by the Employees only upon consummation of the Liquidity Event.

Where the Liquidity Event is a Listing, the Vested Options can be exercised within Two (2) years from the date of such Vesting or listing whichever is later. In other cases of Liquidity Event, the Vested Options can be exercised within such period as may be prescribed by the NRC/Board in this regard.

(b) Exercise in case of Separation:

The Vested Options can be exercised by the Option Grantee as per provisions given below:

S. No.	Events of Separation	Vested Options	Unvested Options
1	Resignation / Separation (other than due to Misconduct or due to breach of Company Policies / Terms of Employment)	<p>In case of resignation/ separation prior to a Liquidity Event (including Listing), all Vested Options as on the date of resignation / separation can be exercised by the Option Grantee only upon or in connection with the consummation of a Liquidity Event, within such period not being less than 30 working days as shall be specified by the Board at that time.</p> <p>After an IPO, all the Vested Options as on the date of resignation/separation can be exercised by the Option Grantee (a) before the date on which he/she is relieved; or (b) if such date of relieving falls on a date on which the exercise window is closed by the Company, then vested options can be exercised by option grantee only during duration of subsequent exercise window opened by the Company which falls immediately after the relieving date, whichever is later.</p>	All Unvested Options as on date of resignation/ separation shall stand cancelled with effect from date such resignation/ separation.
2	Termination due to Misconduct or due to breach of Company Policies / Terms of Employment	All Vested Options at the time of such termination shall stand cancelled with effect from the date of such termination.	All the Unvested Options at the time of such termination shall stand cancelled with effect from the date of such termination.
3	Retirement	Same as resignation/ separation	All the Unvested Options will remain unaffected and would continue to vest according to the vesting schedules and in accordance with the Company policies and Applicable Law

			It is clarified that unvested options for which the vesting is linked to achievement of performance or targets as set out by the Compensation Committee or included in grant letters, such options will vest as and when the options are vested to other members of his/ her team
4	Death	<p>In case of death of Option Grantee prior to consummation of a Liquidity Event (including a Listing), all Vested Options as on date of death can be exercised by the deceased Option Grantee's legal heir/ nominee only upon consummation of a Liquidity Event, within such period not being less than 30 working days as shall be specified by the Board at that time.</p> <p>After an IPO, all the Vested Options as on date of death can be exercised by the deceased Option Grantee's legal heir/ nominee during the Exercise Period.</p>	<p>Prior to consummation of a Liquidity Event, all Unvested Options as on date of death shall be deemed to vest and may be exercised by the Option Grantee's legal heir/ nominee upon consummation of Liquidity Event, within such period not being less than 30 working days as shall be specified by the Board at that time.</p> <p>After an IPO, all Unvested Options as on date of death shall be deemed to vest and may be exercised by the Option Grantee's legal heir/ nominee during the Exercise Period.</p>
5	Permanent Incapacity	<p>In case of separation due to permanent incapacity prior to consummation of a Liquidity Event, all Vested Options as on date of incurring such incapacity can be exercised by the Option Grantee only upon consummation of a Liquidity Event, within such period not being less than 30 working days as shall be specified by the Board at that time.</p> <p>After an IPO, all the Vested Options as on date of permanent incapacitation can be exercised by the Option Grantee during the Exercise Period.</p>	<p>Prior to consummation of a Liquidity Event, all Unvested Options as on date of such termination shall be deemed to vest and may be exercised by the Option Grantee upon consummation of a Liquidity Event, within such period not being less than 30 working days as shall be specified by the Board at that time.</p> <p>After an IPO, all the Unvested Options as on date of such termination shall be deemed to vest and may be exercised by the Option Grantee during the Exercise Period.</p>

6	Abandonment*	All Vested Options shall stand cancelled.	All Unvested Options shall stand cancelled.
7	Termination due to reasons apart from those mentioned above	All Vested Options as on date of such termination shall stand cancelled unless otherwise decided by the Board and such decision shall be final.	All Unvested Options on date of such termination shall stand cancelled unless otherwise decided by the Board and such decision shall be final.

* The Compensation Committee at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned.

7.3 The Options not exercised as prescribed above shall lapse and the Option Grantee shall have no right over such lapsed or cancelled Options unless otherwise decided by the Compensation Committee.

7.4 Prior to an IPO, in case of separation from employment mentioned above, the Company shall give notice to the Option Grantee, legal heir or nominee, as the case may be, in connection with Liquidity Event, at their registered address and/ or through email address in the records of the Company with a view to facilitate Exercise. The Vested Options shall stand cancelled in case the Option Grantee, legal heir or nominee, as the case may be, fails to exercise the Vested Option within the prescribed period as notified and the Option Grantee, legal heir or nominee, as the case may be, shall have no recourse to such cancelled Options.

7.5 Procedure of Exercise

a) Any Option granted hereunder will be exercisable according to the terms of the Employees ESOP 2016 and at such times and under such other conditions as determined by the Compensation Committee and set forth in the Grant letter. An Option may not be exercised for a fraction of a Share.

b) An Option shall be deemed to be exercised when the Company receives: (i) written or electronic notice of Exercise (in accordance with the Grant Letter) from the person entitled to Exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Compensation Committee and permitted by the Grant Letter and the Employees ESOP 2016. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued.

8. Tag-along rights of Option Grantees

8.1 Notwithstanding anything contained hereinabove but subject to provisions on Drag-along rights of Current Shareholders, if prior to Listing, the Current Shareholders (“**Selling Shareholder**”) intend to sell (“**the Sale**”) any Equity Shares (“**the Sale Shares**”) to any person (“**the Intended Purchaser**”) in one or more tranches, resulting in their combined current Shareholdings in the Equity Share Capital of the Company falling below 40%, subject to the approval of the Board, the Option Grantees who hold Vested Options as on the date of issue of the Sale Notice (as explained below) shall have the right, but not the obligation, to exercise a proportionate number of the Vested Options and sell the resultant Equity Shares arising out of such exercise. The Selling Shareholder shall put in their best endeavor to ensure that the Intended Purchaser pays to the Option Grantees on terms no less favourable than those of the Sale as more particularly mentioned hereunder.

8.2 The Selling Shareholder shall give a written notice (“**the Sale Notice**”) to the Option Grantees containing the salient features of the Sale and an offer (“**the Offer**”) to tag along a proportionate number of the Option Grantees’ Equity Shares along with the Sale Shares in accordance with the provisions of this Clause. The Sale Notice shall specify the number of Sale Shares, the price at which they are proposed to be sold, the terms and conditions of the proposed Sale and the time within which the Offer must be accepted (“**the Offer Period**”) following which the Offer shall be deemed to be lapsed. The Offer Period shall not be less than 2 business days from the date of receipt of the Sale Notice by the Option Grantees. Once

the offer is made, it shall be irrevocable during the Offer Period.

Provided that nothing in this clause shall apply to transfer of Shares amongst the Current Shareholders or by the Current Shareholders to any affiliate or person controlled by or under common control of the Current Shareholders.

9. Drag along rights of Current Shareholders

9.1 In order to facilitate a Strategic Sale leading to a Liquidity Event at any time prior to Listing, the Current Shareholders shall have the right to Drag-along any or all Shares of the Option Grantees. However, this Drag-along shall be on terms not less favorable than those of the sale of the Shares by the Current Shareholders as more particularly mentioned hereunder.

9.2 The Current Shareholders shall deliver a written Notice to each Option Grantee setting out the salient feature of such Liquidity Event and details of the terms and conditions including number of Shares to be dragged-along, price per Share, the manner and mode of transfer of Shares ("**Notice**").

9.3 Option Grantees shall exercise such number of Vested Options corresponding to the number of Shares to be dragged-along as per Notice and the Shares arising out of the Exercise shall be offered by the Option Grantee.

9.4 Each Option Grantee shall take all necessary and desirable actions in connection with the completion of such Liquidity Event, including exercising of their Vested Options, executing agreements and instruments and taking other actions as may be reasonably necessary to provide the representations, warranties, indemnities, covenants, conditions, as the case maybe.

9.5 If an Option Grantee fails for any reason to take any of the actions described above, he/she shall be deemed to have appointed any Company Director nominated by the Company as his/her attorney, on his/her behalf and in his/her name, with full power, to execute, complete and deliver any document or instrument or to take any other action, including to receive the proceeds of the sale and to give good quittance for the sale price in order to complete such Liquidity Event. The Option Grantee shall confirm and ratify the acts of such Company Director acting as his attorney under this clause.

10. Initial Public Offer (IPO)

Post Listing of the Shares of the Company on a recognized stock exchange, Option Grantee can sell shares in the open market any time in accordance with applicable laws and Company policy, subject to any lock in period as per applicable laws.

11. Cash Settlement of Vested Options

11.1 Prior to Listing, the Board shall have the right (without any obligation) to provide for cash settlement of Vested Options by the Company

11.2 The Board's right to provide for cash settlement of the Vested Options includes the settlement thereof for a consideration which shall be determined by the Board with reference to the excess of 'Fair Market Value of Shares prevailing at that time over the 'prescribed Exercise Price of the concerned Vested Options'.

11.3 The number of Vested Options that are entitled for cash settlement during any given

financial year shall be determined at the discretion of the Board.

11.4 Once the Vested Options are settled for a consideration, those shall be cancelled and the Option Grantee's rights and liabilities therein shall immediately extinguish with effect from date of receipt of such consideration.

11.5 If the Option Grantee fails to accept the cash settlement, such Vested Options shall be deemed to be lapsed and the Option Grantee shall have no recourse on such cancelled Options unless otherwise decided by the Board.

12. Lock-in

The Shares arising out of exercise of Vested Options shall not be subject to any lock-in restriction except such restrictions as may be imposed pursuant to requirements under the Applicable Laws.

13. Restriction on transfer of Options

13.1 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

13.2 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 7.2(b) would apply.

13.3 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee holder, in which case clause 7.2(b) would apply.

14. Other Terms and Conditions

14.1 In case of Listing, the Board is authorized to do such acts, deeds and things including but not limited to amendment of this Employees ESOP 2016 to make it compliant of any Applicable Laws prevailing at that time.

14.2 The Employee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted on Exercise of such Employee Stock Option.

14.3 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, Bonus Shares, Rights Shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.

14.4 If the Company issues Bonus or Rights Shares, the Option Grantee will not be eligible for the Bonus or Rights Shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the exercise price or both would be made in accordance with Clause 4.3(e) of Employees ESOP 2016.

14.5 The procedure and applicable terms and conditions for buy-back of the specified securities issued under the SEBI Regulations will be specified by the Compensation Committee, if applicable. The terms and conditions will include the following:

(a) permissible sources of financing for buy-back;

(b) any minimum financial thresholds to be maintained by the Company as per the last financial statements;

(c) limits upon quantum of specified securities that the Company may buy-back in a

- financial year;
(d) any other term or condition specified in SEBI Regulations or other Applicable Laws.

Explanation: Specified securities will have the same meaning as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

15. Deduction/Recovery of Tax

The Company shall have the right to deduct from the Employee's salary, any of the Employee's or employer's tax obligations arising in connection with the Employee Stock Option or the Shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver Shares to the Option Grantee until such tax obligations have been satisfied by the Option Grantee.

16. Accounting and Disclosures

16.1 Accounting

- (a) The Company shall follow the laws/regulations applicable to accounting related to Employee Stock Options, including but not limited to the IND AS/Guidance Note on Accounting for Employee Share-based Payments (Guidance Note) and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein.
- (b) Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for any of the plans covered under these regulations then the Company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI or any other statutory authority from time to time.

16.2 Disclosure

The Board shall, *inter alia*, disclose either in the Directors report or in the annexure to the Director's report, the following details of the ESOP:

- a) Options granted;
- b) Options vested;
- c) Options exercised;
- d) The total number of Shares arising as a result of Exercise of Option;
- e) Options lapsed;
- f) Exercise Price;
- g) Variation of terms of Options, if any;
- h) Money realized by Exercise of Options;
- i) Total number of Options in force;
- j) Employee-wise details of Options as prescribed; and
- k) Diluted Earnings Per Share (EPS) pursuant to issue of Shares on Exercise of

Option calculated in accordance with the relevant Indian Accounting Standards.

17. Authority to vary terms

For the purpose of efficient implementation and administration of the Employees ESOP2016, the Board/ Compensation Committee, subject to a special resolution passed by the shareholders at a General meeting revise any of the terms and conditions in respect of existing or any new grant of Options in accordance with Applicable Laws.

18. Miscellaneous

18.1 Government Regulations

This Employees ESOP 2016 shall be subject to all Applicable Laws, and approvals from government authorities. The Grant and the allotment of Shares under this Employees ESOP 2016 shall also be subject to the Company requiring Employees to comply with all Applicable Laws.

18.2 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company from any and all liability in respect of the failure to issue or sell such Shares.

18.3 Neither the existence of this Employees ESOP 2016 nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Employees ESOP 2016 by being granted an Employee Stock Option on any other occasion.

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

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

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

18.7 In the event that an Option Grantee is transferred pursuant to a scheme of arrangement, amalgamation, merger or demerger or continued in the Company, prior to 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 Option Grantee.

19. Notices

19.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this Employees ESOP 2016 shall be in writing or in any other means of electronic communication. The communications shall be made by the Company in any one or more of the following ways:

- i. Sending communication(s) to the address of the Option Grantee available in the records of the Company; and/ or
- ii. Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; and/ or

- iii. Emailing the communication(s) to the Option Grantee at the official email address provided if any by the Company during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.

19.2 All notices of communication to be given by an Option Grantee to the Company in respect of Employees ESOP 2016 shall be sent to the address mentioned below:

Designation : Director, People & Culture
Address : CMS Info Systems Limited
T-151, 5th Floor, Tower No.10, Sector 11,
Railway station complex, CBD Belapur, Navi Mumbai- 400 614.

20. Governing Law and Jurisdiction

20.1 The terms and conditions of the Employees ESOP 2016 shall be governed by and construed in accordance with the laws of India.

20.2 The Courts in Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Employees ESOP 2016.

20.3 Nothing in this clause will however limit the right of the Company to bring proceedings against any Employee in connection with this Employees ESOP 2016:
(i) in any other court of competent jurisdiction; or
(ii) concurrently in more than one jurisdiction.

21. Income Tax Rules

The provisions of the Income Tax Act, 1961 and Rules made thereunder as amended and enacted from time to time shall be applicable in respect of taxability of Employees and the Company arising out of any transaction in the Employee Stock Options.

22. Severability

In the event any one or more of the provisions contained in this Employees ESOP 2016 shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Employees ESOP 2016, but Employees ESOP 2016 shall be construed as if such invalid, illegal, or unenforceable provision had never been set forth herein, and the Employees ESOP 2016 shall be carried out as nearly as possible according to its original intent and terms.

23. Effect of listing of the Shares

It is hereby clarified that Clauses 6.4, 8, 9 and 11 and the requirement to seek prior approval of the Promoters and/or the Current Shareholder anywhere in this Plan shall automatically cease to have effect from the commencement of listing and trading of the Company's Shares on a recognised stock exchange in India pursuant to an initial public offering.

24. Confidentiality

24.1 An Option Grantee must keep the details of the Employees ESOP 2016 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this confidentiality Clause, the Company has undisputed right to terminate any agreement and all unexercised Options shall

stand cancelled immediately. The decision and judgment of the Company regarding breach of this confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this clause, the Board shall have the authority to deal with such cases as it may deem fit.

- 24.2** On acceptance of the grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Employees ESOP 2016 or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

This **Employees ESOP 2016** as approved by the shareholders of the company 20th October 2016 as amended and approved by the shareholders in Extraordinary General Meeting thereof held on **13th August 2021** at Mumbai and 10th September 2021 has been amended further and approved by the shareholders in Extraordinary General Meeting thereof held on 28th October 2021 at Mumbai and further amended and approved by the Shareholders through postal ballot on 28th December, 2022.

For and on behalf of
CMS Info Systems Limited

Sd/-

Praveen Soni
Company Secretary

**ANNEXURE -
“1”**

Vesting schedule and vesting condition:

i) Vesting Schedule:

Dates of Vesting	Options to vest	Time based Vesting	Company AND Business Unit Performance Based Vesting(1)
12 months from the date of grant	25 % of Options granted	25.00 %	0
21 months from the date of grant	25 % of Options granted	8.33 %	16.67 %
33 months from the date of grant	25 % of Options granted	8.33 %	16.67 %
45 months from the date of grant	25 % of Options granted	8.34 %	16.66 %

(1) Or such other percentage as may be decided by the Nomination and Remuneration Committee at the time of grant of Options

To clarify: For Options granted in October 2016, for determining number of Options which have Vested after 21 months from the date of grant, the Company AND BU performance for the second financial year after the financial year in which the Options have been granted will be taken into account i.e., performance for the financial year ending 31 March 2018 will be taken into account and so on.

ii) Performance Vesting Condition:

The performance based options will vest based on Company’s overall PBT AND the respective business unit’s (BU) PBT targets in each year as follows:

Performance Threshold	Performance Based Vesting(2)
<u>Both</u> Company’s PBT Target and Business Unit’s PBT Target is achieved 100% or more	100% of that year’s 16.67%
If either of Company’s PBT Target and Business Unit’s PBT Target is not achieved	0% of that year’s 16.67 %

(2) Or such other percentage as may be decided by the Nomination and Remuneration Committee at the time of grant of Options