

**SERVOTECH POWER SYSTEMS LIMITED**  
**EMPLOYEES STOCK OPTION SCHEME -2022**

**TABLE OF CONTENTS**

<b>SL. No.</b>	<b>PARTICULARS</b>	<b>PAGE No.</b>
1.	Introduction	01 - 01
2.	Objective of the Scheme	01 - 01
3.	Definitions and Interpretation	01 - 05
4.	Authority and Ceiling	05 - 05
5.	Administration of the Scheme	05 - 06
6.	Eligibility and Applicability	06 - 06
7.	Grant and Acceptance of Options	07 - 07
8.	Maximum Quantum of the Options Per Optionee	07 - 07
9.	Vesting Schedule and Vesting Condition	07 - 08
10.	Exercise	08 - 09
11.	Lock-in	09 - 10
12.	Exit Route in case of Delisting	10 - 10
13.	Restriction on transfer of Options	10 - 10
14.	Rights as a Shareholder	10 - 10
15.	Consequences of failure to exercise an option	10 - 10
16.	Deduction/Recovery of Tax	10 - 11
17.	Tax Liability	11 - 11
18.	Authority to Vary Terms	11 - 11
19.	Miscellaneous	11 - 12
20.	Notices and Correspondence	12 - 12
21.	Nomination	12 - 12
22.	Governing Law and Jurisdiction	12 - 12
23.	Severability	13 - 13
24.	Term of the plan	13 - 13
25.	Listing of Shares	13 - 13
26.	Accounting Policy	13 - 13

27.	General Risks	13 - 14
28.	Certificate from Secretarial Auditor	14 - 14
29.	Confidentiality	14 - 14
30.	Form I - Grant Letter	15 - 18
31.	Form II - Letter of acceptance	19 - 19
32.	Form III- Letter for exercise of options	20 - 21
33.	Form IV- Nomination	22 - 22
34.	Form V -Letter of allotment	23 - 23

## 1. INTRODUCTION

- 1.1 This Scheme shall be called the “SERVO- Employee Stock Option Scheme 2022 (ESOP-2022)”.
- 1.2 The ESOP 2022 was adopted by the resolution of the board, approval by the shareholders vide Extra-Ordinary General Meeting held on 4th March, 2022 through Video Conferencing by way of a **Special Resolution** and amended by shareholders vide Postal Ballot results of which was declared on 13<sup>th</sup> January, 2023 by way of a **Special Resolution**.

## 2. OBJECTIVE OF THE SCHEME

- 2.1 **SERVOTECH POWER SYSTEMS LIMITED** (hereinafter referred as “SERVO” or the Company”), a Company registered under the Companies Act, 1956 having its registered office at 806, 8<sup>th</sup> Floor, Crown Heights, Sector-10, Rohini, New Delhi-110085 has structured this scheme for its Employees.
- 2.2 The Objective of the ESOP 2022 is to reward Employees for their past performance and association with the Company, as well as to attract, retain, reward and motivate Employees to contribute to the growth and profitability of the Company.
- 2.3 This purpose is sought to be achieved through the grant of Options to the Employees to subscribe for the shares of the Company. The Company views equity based compensation plan as an integral part of employees compensation across sectors which enables alignment of personal goals of employees with organizational objective by participating in the ownership of Company through share based compensation plans.

## 3. DEFINITION AND INTERPRETATION

### 3.1 Definition(s):

1. “**Applicable Law**” means every law relating to Employee Stock Options, including, without limitations to the, Companies Act, 2013 and includes any statutory modification or re-enactments thereof for the time being in force , Securities Exchange Board of India Act,1992, The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, (“as amended”) 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.
2. “**Acceptance Form**” shall mean the form which the grantee has to submit indicating his acceptance of the offer made to him to participate in ESOP 2022.
3. “**Beneficiary**” means the person, trust designated by Participant , or in the absence of any designation by the Participant, a person or persons who is/are entitled by the will of the Participant to receive the benefits specified in the Plan , the legal heirs of the Participant dies intestate and includes the Participant’s executors or administrator, if no other beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by nomination form in the exercise of any powers conferred under the Plan or any other agreement forming part thereof.
4. “**Buy-Back Price**” means the price at which the Company/Promoter will purchase the shares back from the Employee or the Beneficiary.
5. “**Board**” means the Board of Directors of the Company.
6. “**Cause**” shall include negligence, fraud, professional misconduct, breach of trust, moral

turpitude, committing or abetting any illegal activity, violating any Company Policies/Terms of Employment or any other applicable code of conduct, absence from office for a substantial period of time without any valid reason or authority, or any other actions or circumstances of similar nature as may be decided by the Committee in its absolute discretion.

7. **"Companies Act"** or "Act" means the Companies Act, 2013 and includes any statutory modification or re-enactments thereof.
8. **"Committee"** means the **Nomination and Remuneration Committee** constituted by the Board from time to time, to administer and supervise the ESOP 2022 and other employee benefit plan/schemes, if any, comprising of such members of the Board as provided under Section 178 of the Companies Act to act as a compensation committee under Regulation 5 of the SEBI Share Based Employee Regulations.
9. **"Company"** means "SERVOTECH POWER SYSTEMS LIMITED" registered under the Companies Act, 1956 having its registered office at 806, 8<sup>th</sup> Floor, Crown Heights, Sector-10, Rohini, New Delhi-110085 has structured this scheme for its employees.
10. **"Companies Policies/Terms of Employment"** means the Company's Policies for employees and terms of employment as contained in the Employment/Appointment Letter issued to the employee at the time of joining the employment which includes provisions for securing Confidentiality, Non-Compete and non-Poaching of Other Employees and Customers. Policies/Terms of Employment of the Subsidiary Company as regards an Option Grantee on the payrolls of such Subsidiary Company shall be deemed to be "Company Policies/Terms of Employment" for such Option Grantee.
11. **"Competitor"** shall means any person engaged directly in the Company's business.
12. **"Director"** means a member of the Board of directors of the Company.
13. **"ESOP 2022"** means this Employee Stock exchange Option Scheme, 2022 under which the Company is authorized to grant Employee Stock Options or Options to the Employees.
14. **"Eligibility Criteria"** means the criteria an may be determined from time to time by the Nomination and Remuneration Committee for granting the Employee Stock Options to the employees.
15. **"Employee" means**
  - (i) a permanent employee of the Company working in India or out of India; or
  - (ii) a Director of the company, whether a whole-time director or not; or
  - (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary, 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; or
  - b) a Director who, either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten per cent of the issued and subscribes shares of the Company; and
  - c) a Director being an Independent Director.
16. **"Employee Stock Option Scheme or ESOS"** means a scheme under which a company grants employee stock options to employees directly or through a trust and which gives such Employee the right to purchase or subscribe at a future date, the shares offered by the Company at a pre-determined price.
17. **"Exercise"** means making of an application by an employee to the company or to the trust for issue of shares or appreciation in form of cash, as the case may be, against vested options,

in accordance with the procedure laid down by the Company for exercise of Options.

18. **"Exercise Period"** means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP 2022.
19. **"Exercise Price"** means the price, if any, payable by an employee for exercising the option granted to him in pursuance of the ESOP, 2022 and as may be decided by the Committee from time to time.
20. **"Grant"** means the process by which the Company issues options to an employee under the ESOP, 2022.
21. **"Grant Date"** means the date on which the Compensation Committee approves the grant.
22. **"Grant Letter"** means the letter by which grant of an Option is communicated to the grantee.
23. **"HR Policy"** means the Human resources policy of the Company.
24. **"Nominee"** means the spouse, any child of the employee or any other person nominated by the employee as provided hereinafter.
25. **"Option Grantee"** means an Employee having right but no an Obligation to exercise an option in pursuance of ESOP, 2022.
26. **"Permanent Disability"** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Compensation Committee based on a certificate of a medical expert identified by the Board."
27. **"Promoters"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
28. **"Promoter Group"** has the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.  
  
Provided where the Promoter or Promoter Group of a company is a body corporate, the promoters of that body corporate shall also be deemed to be Promoters of such company.
29. **"Recognised Stock Exchange"** means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
30. **"Relevant date"** means -
  - (i) in the case of grant, the date of the meeting of the compensation committee on which the grant is made; or
  - (ii) in the case of exercise, the date on which the notice of exercise is given to the company or to the trust by the employee;
31. **"Retirement benefit scheme or RBS"** as per Company Policies;
32. **"Securities"** means securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
33. **"SEBI Act"** means the Securities and Exchange Board of India Act, 1992 as amended and includes all regulations and Clarifications issued there under.
34. **"Share"** means equity shares of the Company of face value of Rs. 10 (Ten) each fully paid-up including the equity shares arising out of the Exercise of Options granted under ESOP 2022.

35. **"Subsidiary company"** means any present or future subsidiary company of the company, as defined in the Companies Act, 2013.
36. **"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.
37. **"Vesting"** means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOP 2022.
38. **"Vesting period"** means the period during which the vesting of option or a benefit granted under any of the schemes takes place.
39. **"Vesting Condition"** means any condition subject to which the Options granted would vest in an Option Grantee.
40. **"Vesting 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.

#### 41. Other Definitions

- a. **"ICAI"** means the Institute of Chartered Accountants of India;
- b. **"Insider"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. **"Independent Director"** means a Director within the meaning of Section 149(6) of the Companies Act read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d. **"Key Managerial Personnel"** shall have the same meaning as defined under section 2(51) of the Companies Act, 2013 (18 of 2013);
- e. **"Market Price"** means the latest available closing price on a recognised stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date.  
Explanation,—If such shares are listed on more than one recognised stock exchange, then the closing price on the recognised stock exchange having higher trading volume shall be considered as the market price;
- f. **"Merchant banker"** means a merchant banker as defined under regulation 2(1)(cb) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, which is registered under section 12 of the Act;

#### 3.2 Interpretation

In this Plan, unless the contrary intention appears:

- a. The clause heading 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.

A reference to s schedule includes a reference to any part of that Schedule which is incorporated by reference.

Words and expressions used and not defined here but defined in the SEBI SBEB Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

#### **4. Authority and Ceiling**

- 4.1 The shareholders of the Company by way of Special Resolution dated 4<sup>th</sup> March, 2022 approved the Plan and by way of Special Resolution dated 13<sup>th</sup> January, 2023 amend the plan authorizing the Committee to Grant not exceeding 5,00,000 (Five Lakh) Options to the eligible Employees in one or more tranches, from time to time, which in aggregate shall be exercisable into not more than 5,00,000 (Five Lakh) Shares of face value of Rs. 2/- (Rupees Two) each fully paid up, with each such Option conferring a right upon the Employees to apply for one Share in the Company in accordance with the terms and conditions as may be decided under the Plan.
- 4.2 Where maximum number of options that may be granted per Employee and in aggregate shall be decided by the Committee depending upon the designation and the appraisal/assessment process. However, the Grant of options to identified Employees, shall not, at any time exceed the total option pool size approved by the shareholders for ESOP 2022. The employee is not required to pay anything at the time of grant of options.
- 4.3 If an option cancels, expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the options pool as mentioned in Sub-clause 4.1 and shall become available for future grants, subject to compliance with all applicable laws.
- 4.4 In case of a consolidation where the face value of the shares is increased above Rs 2 (Rupees Two), the maximum number of shares available for being granted under ESOP 2022 shall stand modified accordingly, so as to ensure that the cumulative face value (no. of share X face value per share) prior to such consolidation remains unchanged after the share consolidation.
- 4.5 In case of a share split or consolidation, if the revised face value of the share is less or more than the current face value as prevailing on the date of coming into force of this Plan, the maximum number of Shares available for being granted under ESOP 2022 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 split or consolidation remains unchanged after such 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 consolidation is Rs.100 per Share, the total number of shares available under ESOP 2022 would be (Shares reserved at Sub-Clause 4.1/10) Shares of Rs. 100/- each. Accordingly, the number of Options to be issued will also undergo a change. Similarly in case of bonus issue, etc. the available number of shares under the plan shall be revised to restore the value.

#### **5. Administration of the Scheme**

- 5.1 The ESOP 2022 shall be administered by the Committee. All questions of interpretation of the ESOP 2022 or any option shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2022 or in any options issued thereunder.
- 5.2 The Committee shall in accordance with this Plan and Applicable Laws determine the following:
  - a) the quantum of the options to be granted under the ESOP 2022 per Employee, subject to the ceiling as specified in Para 4.1;
  - b) the eligibility criteria for grant of option to the Employees;

- c) the specific exercise period within which the Employees should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- d) the specified time period within which the Employee shall Exercise the Vested Option in the event of termination or resignation or other cases of separation of an Employee;
- e) the right of an Employee to Exercise all the Options vested in him at one time or at various points of time within the Exercise Period;
- f) the procedure for making a fair and reasonable adjustment to the number of Option and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Committee:
  - i. the number and the price of Option shall be adjusted in a manner such that total value of the Option remains the same after the corporate action; and
  - ii. the Vesting Period and the life of the Option shall be left unaltered as far as possible to protect the rights of the Option Grantees.
- g) the procedure and terms for the Grant, Vesting, and Exercise of Option in case of Employees who are on long leave;
- h) the conditions under which Option vested in Employees may lapse in case of termination of employment for misconduct;
- i) the procedure for cashless Exercise of Option, if required; and
- j) Approve forms, writings and/or agreements for use in pursuance of the ESOP 2022.

5.3 The Committee shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time), (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time), and (c) any other regulation as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Company and any Employee.

#### 5.4 **Appraisal Process**

Appraisal process for determining the eligibility of the Employees will be based on designation, period of service, performance linked parameters such as work performance and such other criteria as may be determined by the Committee at its sole discretion, from time to time.

### 6. **Eligibility and Applicability**

- 6.1 Only Employees as defined above are eligible for being granted employee Stock Options under ESOP, 2022. The Specific employees to whom the options would be granted and their eligibility criteria would be determined by the Committee at its sole discretion.
- 6.2 This ESOP, 2022 shall be applicable to the Company, its Subsidiary(s) and options may be granted to all the Employees of the Company and its Subsidiary(s) as determined by the Committee at its sole discretion.
- 6.3 The Employee Stock Option Scheme shall be deemed to incorporate all of the terms of the ESOP, 2022, as if the same were set out therein.
- 6.4 The option not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled options.

### 7. **Grant and Acceptance of Options**

#### 7.1 **Grant of Options:**

- i. The Nomination and Remuneration Committee may, on such dates as it shall determine, grant to such eligible employee as it may in its absolute discretion select options of the Company on the terms and conditions and for the consideration as it may decide.

- ii. Each Grant of Option under the Plan shall be made in writing by the Company to the eligible employees by way of Offer Letter of Grant containing specific details of the Grant, and disclose requirements, as prescribed under Applicable Laws.

## **7.2 Acceptance of the Grant**

- i. Any eligible Employee who wishes to accept the Grant made under this plan must deliver to the Company a duly signed acceptance of the letter of Grant on or before the date ("Closing Date") which shall not be more than 30 days from the date of the Grant, as specified in the letter of Grant. On receipt by the Company of the signed acceptance, the eligible Employee will become an Option Grantee.
- ii. Any eligible Employee, who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above, shall be deemed to have rejected the Grant unless the Committee determines otherwise.

## **8. Maximum quantum of Options per Optionee**

The maximum number of Options that may be offered under ESOP 2022 per employee and in aggregate whether in any one or more financial year(s), shall be less than 1% of the issued equity share capital (excluding outstanding warrants and conversion) of the Company at the time of Grant of such Options. Subject to this ceiling, the Nomination and Remuneration Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each employee.

## **9. Vesting Schedule and Vesting Conditions**

### **9.1 Options granted under ESOP 2022 shall vest after 12 months from the grant date.**

Provided that in case where options are granted by the Company under the plan in lieu of options held by a person under a similar plan in another company ("Transferor Company") which has merged or amalgamated with the Company, the period during which the options granted by the Transferor Company were held by him may be adjusted against the minimum Vesting period required under this sub-clause.

9.2 Vesting of Option would be subject to continued employment with the Company and its Subsidiary Company(ies).

9.3 As a prerequisite for a valid Vesting, an Option Grantee is required to be in employment or service of the Company/its Subsidiary Company(ies) on the date of Vesting and must neither be serving his notice for termination of employment/service, nor be subject to any disciplinary proceedings pending against him on the such date of Vesting. In case of any disciplinary proceedings against any Option Grantee, the Committee can keep the relevant vesting in abeyance until disposal of the proceedings and such vesting shall be determined accordingly.

9.3 The vesting schedule and specific vesting conditions subject to which vesting would take place shall be specified in the letter issued to the option grantee at the time of Grant.

### **9.4 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 Committee.

## **10. Exercise**

### **10.1 Exercise Price**

- a) The exercise price shall be determined by the Committee at its sole discretion which shall not be less than the face value of the shares as on date of grant of such option. The same shall be intimated to the option grantee in the grant letter at the time of Grant.
- b) Payment of the exercise price shall be made by a crossed cheque or a demand draft drawn in favor of the Company or by electronic mode through banking channels such as National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), and Immediate Payment Service (IMPS) or in such other manner as the Committee may decide.

## 10.2 Exercise Period

- a) Exercise while in employment:

The Exercise Period in respect of an Option shall be subject to a maximum period of 90 days from the date of Vesting of Options.

- b) Exercise in case of separation from employment:

The Vested Options can be exercised subject to treatment of Unvested Options as per provisions outlined herein below:

Sl. No.	Separations	Vested Options	Unvested Options
1.	Resignation/Termination (other than due to Cause)	The ESOP granted shall be exercised only on continued employment.  Further employee is not eligible to exercise the option in case he is terminated or has tendered his resignation during exercise period as mentioned above. In case of resignation, the employee is also not entitled to exercise the option during the notice period of employment.	All the Unvested Options on the date of submission of resignation/date of termination shall stand cancelled with effect from that date.
2.	Termination due to Misconduct	All the vested options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination.	All the unvested options on the date of such termination shall stand cancelled with effect from the termination date.
3.	Retirement/early Retirement approved by the Company	All the vested options can be exercised by the Option Grantee immediately after the date of such retirement, but before the expiry of the Exercise Period.	All the unvested options shall stand cancelled as on the date of such retirement unless otherwise determined by the Committee.

4.	Death	All the vested options may be exercised by the Option's Grantee's nominee(s) or legal heir(s) ( <i>in the event of absence of nomination</i> ) immediately but in no event later than six months from the death of the Option Grantee or before the expiry of Exercise Period, whichever is earlier.	All the unvested options as on the date of death shall vest immediately and may be exercised in the manner prescribed for vested options or as may be decided by the Committee.
5.	Termination due to Permanent Incapacity	In the event of separation of the employee due to permanent disability, the Option Grantee or his legal heirs/ nominee may exercise the option but in no event later than six months from the date of separation from employment or before the expiry of Exercise Period, whichever is earlier.	All the unvested options shall vest immediately with the Option Grantee and may be exercised in the manner prescribed for vested options or as may be decided by the Committee.
6.	Termination due to any other reason apart from those mentioned above	The Committee shall decide whether the vested options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All unvested options on the date of such termination shall stand cancelled with effect from that date.

10.3 The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Committee, for the issue of Shares against the Options vested in him, subject to payment of Exercise Price and compliance of other requisite conditions of exercise.

10.4 Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or by electronic mode through banking channels such as National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), and Immediate Payment Service (IMPS) or in such other manner as the Committee may decide.

#### 10.5 Lapse of Options

The Options not exercised within the respective Exercise Periods prescribed in Sub-clauses of Clause 10 shall lapse and be deemed to be cancelled on expiry of such Exercise Period. The Option Grantee shall have no right or recourse over such lapsed/ cancelled Options.

### 11. Lock-in

The Shares arising out of Exercise of Vested Options shall be subject to lock-in period of 2 year from the date of allotment of such Shares under ESOP 2022.

Provided that the Shares allotted on such Exercise cannot be sold for such further period or intermittently as required under the terms of Code of Conduct for Prevention of Insider Trading of the Company framed under Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

## **12. Exit route in case of de-listing**

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

## **13. Restriction on transfer of Options**

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

13.2 Options shall not be transferable to any person except in the event of death/Permanent Incapacity of the Option Grantee, in which case provisions at sub-clause 10.2(b) would apply.

13.3 No person other than the Employee to whom the option is granted shall be entitled to exercise the option except in the event of the death/permanent incapacity of the option grantee, in this case provisions at sub-clause 10.2(b) would apply.

## **14. Rights as a shareholder**

14.1 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a shareholder in respect of Options granted, till Shares underlying such Options are issued by the Company upon Exercise of such Option.

14.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee exercises the Option and becomes a registered holder of the Shares of the Company.

14.3 If the Company issues bonus shares or rights shares, the Option Grantee shall not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with sub-clause 5.2 (f) of ESOP 2022.

## **15. Consequence of failure to exercise an option**

The amount paid by the employee, if any, at the time of grant, vesting or exercise of option:

- a) May be forfeited by the company if the option is not exercised by the employee within the exercise period; or
- b) May be refunded to the employee if the options are not vested due to non-fulfilment of conditions relating to vesting of option as per the Scheme.

## **16. Deduction/Recovery of Tax**

16.1 The liability of paying taxes, if any, in respect of options granted pursuant to this plan and the shares issued pursuant to exercise thereof shall be entirely on option grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules made thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees of the Company/ Subsidiary Company (ies) working abroad, if any.

16.2 The Company/Subsidiary Company (ies) shall have the right to deduct from the Employee's salary or recover any tax that is required to be deducted or recovered under the applicable laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.

16.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied/ secured by the Option Grantee in full.

## **17. Tax Liability**

All Options granted or shares allotted under the Scheme shall also be subject to all applicable tax requirements, if any prevailing and the Company shall have the right to deduct from the salary or recover by any other mode, the sums due towards tax arising in connection with the exercise of options under this Scheme. The Company shall have no obligation to deliver until the Company's tax obligations, if any have been satisfied by the Option Grantee.

## **18. Authority to vary terms**

18.1 For the purpose of efficient implementation and administration of the plan but subject to the applicable laws and approval of the shareholders of the Company by way of a special resolution, Committee may revise any of the terms and conditions in respect of existing or any new grant of options provided that the variation is not be prejudicial to the interest of the Employees.

18.2 The Committee may also re-price the options which are not exercised, whether or not they have vested, if plan is rendered unattractive due to fall in the price of the Shares.

## **19. Miscellaneous**

### **19.1 Government Regulations**

This ESOP 2022 shall be subject to all Applicable Laws, and approvals from government authorities. The Grant and the allotment of Shares under this ESOP 2022 shall also be subject to the Company requiring Employees to comply with all applicable laws.

### **19.2 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.

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

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

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

### **19.6 General Risks**

Participation in the ESOP 2022 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the equity and the risks associated with the investments is that of the Option Grantee alone.

19.7 The existence of the ESOP 2022 and the grants made hereunder shall not in any way affect the right or the power of the Board or the shareholders of the Company to make or authorise any change in the capital structure, including any issue of shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof or from making any corporate action which is deemed to be appropriate or in its best interest, whether or not such action would have an adverse effect on the ESOP 2022 or any grant made under the ESOP 2022. No Employee or other person shall have any claim against the

Company as a result of such action.

- 19.8 Nothing contained in the ESOP 2022 shall be construed to prevent the Company directly or through any trust settled by any Company, from implementing any other new scheme for granting stock options and/or share purchase rights, 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 ESOP 2022 or any Grant made under the ESOP 2022. No Employee or other person shall have any claim against the Company and/or trust as a result of such action.

## 20. Notice and Correspondence

- 20.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2022 shall be in writing. The communications shall be made by the Company in any one or more of the following ways:
- i. Sending communication(s) to the address of the Option Grantee available in the records of the Company; and/ or
  - ii. Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; and/ or
  - iii. Emailing the communication(s) to the Option Grantee at the official email address provided if any by the Company during the continuance of employment; or in case of cessation of employment at the email address provided by the Option Grantee.
- 20.2 All notices of communication to be given by an Option Grantee to the Company in respect of ESOP 2022 shall be sent to the address mentioned below:

**The Company Secretary**  
**Servotech Power Systems Limited**  
**806, 8<sup>th</sup> Floor, Crown Heights, Hotel Crown Plaza, Sector-10, Rohini, New Delhi-110085**  
**Email: [cs@servotechindia.com](mailto:cs@servotechindia.com)**

## 21. Nomination

An Option Grantee has to nominate a person as his/her nominee. The nominee in case of death or Permanent Incapacity of the Option Grantee shall be the legal representative recognized by the Company as the inheritor of the Option Grantee in respect of all rights and liabilities for the purposes of this Plan.

## 22. Governing Law and Jurisdiction

- 22.1 The Terms and Conditions of the ESOP, 2022 shall be governed by and construed in accordance with the laws of India.
- 22.2 The Courts of New Delhi, India shall have jurisdiction in respect of any and all matter, disputes or differences arising in relation to or out of this ESOP, 2022.
- 22.3 Nothing in this clause will however limit the right of the Company to bring proceedings against any employee in connection with this ESOP, 2022:
- A. In any other court of competent jurisdiction.
  - B. Concurrently in more than one jurisdiction.

## 23. Severability

In the event any one or more of the provisions contained in this ESOP 2022 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 ESOP 2022, but ESOP 2022 shall be construed as if such invalid, illegal, or unenforceable provision had never been set forth herein, and the ESOP 2022 shall be carried out as nearly as possible according to its original intent and terms.

## 24. Term of the Plan

- 24.1 The ESOP, 2022 is established with effect from the date of in-principle approval from NSE and shall be continue to be in force until
- (i) Its termination by the Board or
  - (ii) The date on which all of the options available for issuance under the ESOP, 2022 have been issued and exercised.
- 24.2 The Board of Directors may subject to compliance with applicable laws, at any time suspend or terminate the ESOP, 2022.

## **25. Listing of the Shares**

Subject to the approval of the Stock Exchanges, the Shares issued and allotted on exercise of the options shall be listed on the recognized Stock Exchanges on which the Shares of the Company are listed or proposed to be additionally listed.

## **26. Accounting Policy**

- 26.1 The Company shall follow the guidance note on accounting for Employee Share Based Payments and/or any relevant accounting standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein, in compliance with relevant provisions of SEBI SBEB Regulation.
- 26.2 For the purpose of the above clause, "Market Price means the latest available closing price on the stock exchange on which the shares of the Company are listed on the date immediately prior to the relevant date.  
Explanation – if such share are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price.
- 26.3 The Company shall make disclosures to the prospective plan grantees containing statement if risks, information about the Company and silent features of the plan in a format as prescribed under SEBI SBEB & SE Regulations.

## **27. General Risks**

- 27.1 Participation in the plan shall not be constructed as any guarantee of return on the equity investment. Any loss due to fluctuation in the price of the equity and the risks associated with the investment is that of the Option Grantee alone.
- 27.2 All investments in options are subject to risk as the value of shares may go down or go up. In addition, the options are subject to the following additional risks:
1. Concentration: The risk arising out of any fall in value of shares is aggravated 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 options.
  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 benefits 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 employee is terminated for gross misconduct.

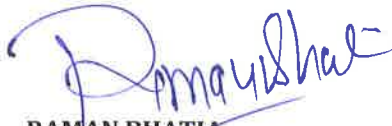
## **28. Certificate from Secretarial Auditor**

The Board shall at each annual general meeting place before the shareholders a certificate from the secretarial auditor of the Company that this ESOP, 2022 has been implemented in accordance with SEBI SBEB Regulation and in accordance with the resolution passed with the consent of the shareholders of the Company in the general meeting.

## 29. Confidentiality

- 29.1 Employee must keep the details of this ESOP, 2022 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues and co-employees or with any employee and/or associate of the Company or that of its affiliate or any third party. 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 compensation committee will have the authority to deal with such cases as it may deem fit.
- 29.2 On acceptance of grant, the Option Grantee agrees that the Company may be required to disclose information of the Option Grantee during the process of implementation of this ESOP, 2022 or while availing services relating to ESOP consulting, advisory services or ESOP Management services and /or any other such incidental services. The Option Grantee hereby accords his consent that such confidential information regarding his options entitlement may be disclosed by the Company to its officers, professional advisors, agent and consultants on need to know basis.

**FOR SERVOTECH POWER SYSTEMS LIMITED**



**RAMAN BHATIA**  
**MANAGING DIRECTOR**  
DIN: 00153827  
Date: 13<sup>th</sup> January, 2023

**FOR SERVOTECH POWER SYSTEMS LIMITED**



**PRIYA PANDEY**  
**COMPANY SECRETARY**  
ICSI MEM. NO.: A35815  
Date: 13<sup>th</sup> January, 2023



**SERVOTECH POWER SYSTEMS LIMITED**

**EMPLOYEE STOCK OPTION SCHEME 2022**

**GRANT LETTER  
(Form I)**

Date:

**From:**

**The Nomination & Remuneration Committee,**  
Servotech Power Systems Limited  
806, 8<sup>th</sup> Floor, Crown Heights, Hotel Crown Plaza,  
Sector-10, Rohini, New Delhi 110085

**To,**

**Name of Employee:**

Employee Code:

Dear Mr./Ms.

Servotech Power Systems Limited ("Servotech/the Company") is currently at an exciting phase in its endeavor towards sustained and planned growth. We believe that our business has a bright future and the efforts of our employees will play a key role in helping the Company realize this potential. At this time, we would like to extend a token of our appreciation and gratitude for your valued present/future contribution in building the Company.

We are happy to inform that you have been selected to be covered under the Servotech's Employee Stock Option Scheme 2022 ("ESOS 2022 or Scheme"). A copy of the Scheme is enclosed herewith. You are requested to study the same carefully and familiarize yourself with its terms and conditions.

Accordingly, by this Grant Letter, we are pleased to offer you \_\_\_\_\_ Options by virtue of which you will be eligible to purchase equivalent number of shares of the Company, subject to the terms and conditions of the Scheme and Acceptance of Grant. The details of the Grant of Options are as follows:

<b>Number of Options Granted</b>	
<b>Grant Date</b>	
<b>Vesting Date(s)</b>	
<b>Vesting Conditions</b>	
<b>Exercise Price per Option</b>	
<b>Exercise Period</b>	

This Grant Letter is as per the terms and conditions given in ESOS 2022 and is strictly confidential.

The offer is valid till \_\_\_\_\_ ("Closing Date") and shall lapse if the Acceptance Letter is not received by the Company on or before the close of business on the closing date. If the offer is acceptable to you, kindly sign the Acceptance Letter as a token of your acceptance. The Acceptance Letter is annexed as **Form-II** to the Scheme.

Kindly note that you will be required to have an operational dematerialized account at the time of exercise of your options and in the event you do not have an existing dematerialized account, we request you to kindly open and maintain the same as on the Exercise Date.

We look forward to working with you under a long term partnership to build a stronger and more profitable Company in future.

All capitalized terms used herein shall have the same meaning as provided in ESOS 2022.

**FOR AND ON BEHALF OF  
SERVOTECH POWER SYSTEMS LIMITED**

**RAMAN BHATIA  
MANAGING DIRECTOR  
DIN: 00153827**

Encl.: Terms and Conditions

---

### **Terms and conditions:**

1. Hereinafter, once the grant letter is issued to the employee(s) it shall be termed as grantee or participant.
2. The options granted are personal to the grantee and cannot be transferred or assigned in any manner whatsoever except in the event of death of the Option Grantee, in which case clause 10.2 (b) Point No. (4) of the scheme would apply.
3. Each option will entitle the participant to one share of the Company and options issued to the grantee shall be convertible into equity shares only.
4. Grantee who wishes to accept an offer made must deliver duly filled Acceptance Form (enclosed as **Form-II**) at the Registered Office of Company or send the scanned copy of the signed form to Company Secretary & Compliance Officer at [cs@servotechindia.com](mailto:cs@servotechindia.com) on or before closing date which shall not be more than 30 days from the date of the Grant, as specified in the letter of grant. Further, Grantee shall mention his/her name, address precisely in the said form.
5. Grantee who fails to return the Acceptance Form on or before the closing date is deemed to have declined the offer and Acceptance Form received after the closing date shall not be valid.
6. Options granted shall vest on aforementioned vesting dates.
7. The grantee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of option granted to him/her, till shares are issued on exercise of option.
8. Subsequent to vesting date, grantee shall exercise the vested options on or before aforementioned exercise dates.
9. For the purpose of exercise, grantee must deliver duly filled exercise form (enclosed as **Form-III**) in writing by enclosing cheques or a demand draft drawn in favor of Company or by Electronic mode through banking channels such as National Electronic Funds Transfer (NEFT), Real Time Gross Statement (RTGS), and Immediate Payment Services (IMPS) or in such other manner as the Committee may decide, in favor of Servotech Power Systems Limited on or before aforementioned exercise dates addressed to Company Secretary & Compliance Officer at the Registered Office of the Company.
10. The Board of Directors shall verify and accordingly communicate to the employees about valid exercise.
11. Each grantee under the Scheme may nominate, any Beneficiary or Beneficiaries to whom any benefit under the Scheme is to be delivered in case of his or her death before he or she receives all of such benefit by delivering nomination form (enclosed as **Form-IV**) to the Company at the Registered Office or email duly signed copy of the Form to the Company addressed to Company Secretary & Compliance Officer at [cs@servotechindia.com](mailto:cs@servotechindia.com).
12. In the event of resignation all options which are not exercised shall expire and stand terminated as on date of expiry period.
13. In the event of termination of the employment of an Option Grantee due to integrity issues or breach of policies of the Company or the terms of employment, misconduct, all vested or unvested options at the time of such breach shall stand terminated with effect from the date of such breach, the date of such breach shall be determined by the Nomination and Remuneration Committee and its decision on this issue shall be binding and final.
14. In the event of termination of the employment due to any other reason, all Un-vested Options on the date of termination shall expire and stand terminated with effect from that date of

such termination.

15. For other terms and condition relating to eligibility of employees, administration of the scheme, granting of options, method of acceptance, vesting of options, exercise price, exercise of options, termination of employment, notices and correspondence, nomination, non-transferability of options, corporate actions, regulatory approvals, accounting method and miscellaneous provisions and terms of the scheme, employees are requested to study and familiarize with Scheme as produced at the time of issue of Grant Letter.
16. In case any clarification required, please contact the Company Secretary or email at [cs@servotechindia.com](mailto:cs@servotechindia.com).

**FOR AND ON BEHALF OF  
SERVOTECH POWER SYSTEMS LIMITED**

**RAMAN BHATIA  
MANAGING DIRECTOR  
DIN: 00153827**

**SERVOTECH POWER SYSTEMS LIMITED**  
**EMPLOYEE STOCK OPTION SCHEME 2022**

**ACCEPTANCE LETTER**  
**(Form II)**

Date:

To,  
**The Nomination & Remuneration Committee,**  
Servotech Power Systems Limited  
806, 8<sup>th</sup> Floor, Crown Heights, Hotel Crown Plaza  
Sector-10, Rohini, New Delhi 110085

**Kind attention: Mr./Ms.**

**Ref.: Servotech Employee Stock Option Scheme 2022**

This is in reference to the Grant Letter dated \_\_\_\_\_ offering me \_\_\_\_ Options under the Servotech Employee Stock Option Scheme 2022 ("ESOS 2022"). I hereby accept the grant of --- made to me by the said Grant Letter under the ESOS 2022.

I have received a copy of scheme of ESOS 2022 and had an opportunity to review and understand the content thereof. I undertake to be bound by the terms and conditions of ESOS 2022 and understand that acceptance of the grant results in a mutual agreement to comply with the provisions of the ESOS 2022 with a view to obtain any benefit thereunder.

I undertake that at the time of exercise, I will have an operational dematerialized account, details of which will be forwarded to the Committee along with the Exercise Letter. I further agree to submit to all decisions of the Committee as may be taken from time to time and confirm that all such decisions pertaining to my options shall be binding on me.

Yours faithfully,

Signature  
Name of Employee:  
Designation of the Employee:  
Employee Code:

**SERVOTECH POWER SYSTEMS LIMITED**  
**EMPLOYEE STOCK OPTION SCHEME 2022**

**EXERCISE LETTER**  
**(Form-III)**

Date:

To,  
**The Nomination & Remuneration Committee,**  
Servotech Power Systems Limited  
806, 8<sup>th</sup> Floor, Crown Heights, Hotel Crown Plaza  
Sector-10, Rohini, New Delhi 110085

**Ref.: Servotech Employee Stock Option Scheme 2022**

Dear Sir/Madam,

This is with reference to the Grant Letter dated \_\_\_\_\_ offering me \_\_\_\_\_ Options under the ESOP 2022 and my Acceptance Letter dated \_\_\_\_\_.

\_\_\_\_\_ Options have vested in me on \_\_\_\_\_ in accordance with the ESOP 2022, I hereby exercise my right at exercise price to purchase the shares of the Company against the vested options.

I understand and acknowledge that until the allotment of the Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the options, notwithstanding the exercise of the option.

I understand that I may suffer tax consequences as a result of purchase or disposition of the Shares. I represent that I have consulted/will consult any tax consultants of my choice in connection with the purchase or disposition of the Shares, if I so require and that I am not relying on the Company for any tax advice.

I am enclosing herewith a cheque/Demand draft/NEFT/RTGS/IMPS details in favour of the Company bearing no. \_\_\_\_\_ dated \_\_\_\_\_ for INR \_\_\_\_\_, drawn on \_\_\_\_\_ bank, towards the payment of Exercise Price.

Requisite details for the said allotment/transfer of Shares are provided in Annexure to this Exercise Letter.

Yours faithfully,

Signature  
Name of Employee:

**ANNEXURE TO LETTER OF EXERCISE (ESOP 2022)**

Name of Employee	
Employee ID	
IT PAN	
Address	
<b>Demat Account Details</b>	
DP ID _____ Client ID (Account No.) _____	
Depository Participant (DP)'s :-	
Name: _____	
Address: _____	
_____	

***Instructions:*** Please write the names exactly in the same manner as provided in the Demat Account.

Dated:

**SERVOTECH POWER SYSTEMS LIMITED**  
**EMPLOYEE STOCK OPTION SCHEME 2022**

**NOMINATION FORM**  
**(Form-IV)**

Date:

To,  
**The Nomination & Remuneration Committee,**  
Servotech Power Systems Limited  
806, 8<sup>th</sup> Floor, Crown Heights, Hotel Crown Plaza  
Sector-10, Rohini, New Delhi 110085

**Ref: Servotech Employee Stock Option Scheme 2022**

Dear Sir,

I hereby, nominate the following person(s) as my beneficiary (ies) for claiming the benefits under the terms and conditions of Servotech Employee Stock Option Scheme 2022:

Name of Employee in Full:
<b>NOMINEE DETAILS</b>
Name in Full: Relationship with the Employee: Address:
Age: Guardian (in case of minor)
<b>GUARDIAN DETAILS</b>
Name in Full: Relationship with the Nominee: Address:

This nomination form shall be valid unless replaced by me with a new nomination form of a later date. Kindly acknowledge receipt and confirm the recording of the nomination.

Yours faithfully,

Signature  
Name of Employee:  
Designation of Employee:

**Note: If more than one person is nominated as beneficiary, the proportion of the benefits to be claimed by each nominee to be provided by the employee.**

**LETTER OF ALLOTMENT**

Date:

To,  
Mr./Ms.  
Address:

**Sub.: Letter of allotment of ESOP**

This has reference to your interest in subscribing for the ESOP option for conversion into equivalent number of equity shares. The same was considered and approved in the Board Meeting dated -----.  
The details of the said allotment are as mentioned below:

You are requested to pay the amount of allotment to the Company at below mentioned company's bank account:

.....

The payment for allotment shall be made on or before---

**FOR AND ON BEHALF OF  
SERVOTECH POWER SYSTEMS LIMITED**

**RAMAN BHATIA  
MANAGING DIRECTOR  
DIN: 00153827**