

RMC SWITCHGEARS LIMITED EMPLOYEES STOCK PURCHASE SCHEME- 2023

1. Short title, extent and commencement

- 1.1 This Scheme may be called the RMC Switchgears Limited Employees Stock Purchase Scheme 2023 or “RMC ESPS - 2023” (hereinafter referred to as “the Scheme”).
- 1.2 It applies only to the Employees (as defined under this scheme) of RMC Switchgears Limited, who are in employment with the Company (Present or future). It shall be deemed to have come into force with effect from the date of approval by the shareholders.

2. Purposes of the Scheme

- 2.1 This Scheme has been formulated by the Board of Directors of RMC Switchgears Limited, (hereinafter called the “Company”), at their meeting held on 2nd September, 2023 and has been approved by the members of the company by way of special resolution passed on 30th September, 2023.
- 2.2 The objective of the Scheme is:
- To attract new talent into the Company to drive its growth plans.
 - To motivate the employees to contribute to the growth and profitability of the Company.
 - To retain the employees and reduce the attrition rate of the Company.
 - To achieve sustained growth and the creation of shareholder value by aligning the interests of the Employees with the long-term interests of the Company.
 - To create a sense of ownership and participation amongst the employees to share the value they create for the Company in the years to come, and
 - To provide deferred rewards to employees.

3. Term of Scheme

- 3.1 This Scheme shall be valid for a period of Seven years from the date of approval of shareholders.
- 3.2 Except as provided elsewhere specifically, the Scheme shall continue in effect unless terminated by the Board of Directors the Company or the Compensation Committee or all shares available to be offered under the Scheme are fully exercised.
- 3.3 Any such termination of the Scheme shall not affect Shares already offered and acceptance of those is still pending within offer period and such shares shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Employee and the Committee/Board of the Company.



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4. Definitions and Interpretation

4.1 Definitions

- a) **“Applicable Laws”** means the legal requirements relating to Employees Share Purchase Scheme, including, without limitation, the tax, securities or corporate laws of India, any stock exchange on which the Shares are listed or quoted and legal regulations as may be required, including, but not limited to the Income Tax Act, 1961, the Companies Act, 2013 and Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations 2021.
- b) **“Board of the Company”** means the Board of Directors for the time being of the Company and includes any Committee(s) consisting of one or more members of the Board and/ or one or more officials of the Company which the Board may constitute to exercise powers of the Board.
- c) **“Compensation Committee” or “Committee”** means the Compensation Committee designated for the purpose of this Scheme inter-alia for administration and superintendence of this Scheme.
- d) **“Company”** means RMC Switchgears Limited incorporated under the Companies Act 1956.
- e) **“Director”** means a member of the Board of the Company.
- f) **“Disability or Disablement”** means total and permanent disability as defined under the Workmen's Compensation Act, 1923.
- g) **“Effective Date”** for the Scheme shall be the date as decided by the Board of the Directors / Compensation Committee.
- h) **“Eligible Employee”** means
 - (i) An Employee who is designated as employee or employed by the company on or after the Effective Date, either through an employment contract or as an officer or a Director; and as defined under this Scheme.

- (ii) an Employee who qualifies for issue/offer of shares under the Scheme and fulfills the terms & conditions as may be decided by the Compensation Committee from time to time.
- i) **“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.
- j) **“Employee Compensation”** means the total cost incurred by the Company towards Employee Compensation including basic salary, dearness allowance, other allowances, bonuses and commissions, and the value of all perquisites provided, but does not include the fair value of the Shares granted under this Scheme.
- k) **“Offer Acceptance”** means communicating the acceptance of offer in writing to the Company, pursuant to the offer made by the Company, and seeking allotment thereof through making application of share allotment.
- l) **“Offer/acceptance Period”** means the period, as determined by Committee/Board, for which the offer is valid for seeking acceptance.
- m) **“Offer Price”** means the price offered by the Company for purchase of share of the Company in pursuance of this Scheme.
- n) **“Offer of Shares”** means and includes a letter in writing from the Company communicating, among other things, the number of equity Shares to which an Employee is entitled to apply for and seek allotment thereof.
- o) **“Offer Date”** means the date on which the Compensation Committee / Board approves the offer of shares to employee.
- p) **“Scheme”** means the “RMC Switchgears Limited Employees Stock Purchase Scheme –2023” or “RMC ESPS Scheme–2023” under which the Company offers equity shares to Eligible Employees.

- q) **“Promoter” and “Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time.
- r) **“SEBI Regulations”** means Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- s) **“Shares”** means, the equity shares of the Company with a nominal par value of Rs.10/- (Rupees ten only) each.
- t) **“Option Holder” or “Option Grantee” or “Grantee”** means an employee or his beneficiary to whom offer made and having right but not an obligation to accept the offer.
- u) **“Year”** means the financial year of the Company.

4.2 Interpretation

- a) The headings/sub-headings/titles/sub-titles are for the sake of convenience only and shall not be interpreted to restrict or otherwise affect the meaning or import of the Articles, which shall be interpreted solely in the light of the contents thereof.
- b) Use of words in the singular includes the plural and vice versa and the masculine gender includes the feminine.
- c) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
- d) Any reference to ‘writing’ includes printing, typing, lithography and other means of reproducing words in visible form.
- e) The term ‘including’ shall mean ‘including without limitation, unless otherwise specified’.
- f) Words and expressions used and not defined in this Scheme but defined in the Securities and Exchange Board of India (Share Based Employee Benefits



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and Sweat Equity) Regulations, 2021, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 or the Companies Act, 2013 and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation.

5. Pool under the Scheme.

- 5.1 The maximum number of Shares that may be issued pursuant to this Scheme is 2,00,000 (Two Lakh only) Equity shares of the Company.
- 5.2 The number of Shares which shall be issued under the Scheme pursuant to acceptance of offer by the eligible employee will not exceed the authorized equity share capital of the Company. This Scheme involves only new issue of shares by the Company.
- 5.3 If an offer of shares expires, lapses, forfeited or surrendered under any provision of the Scheme before the allotment, as per the conditions mentioned in the Scheme, such shares subject thereto shall become available for future offer under this Scheme as per the discretion of the Committee within the overall ceiling of Equity shares.
- 5.4 The abovesaid pool of shares shall be available for offer, in one or more trenches as to be determined by the Committee/Board from time to time, till the validity of this Scheme.
- 5.5 The Company reserves the right to increase or decrease such number of shares as it deems fit, in accordance with the applicable laws.

6. Implementation and Administration of the Scheme

- 6.1 The Scheme shall be administered by the Compensation Committee for proper administration of the Scheme. The Compensation Committee is authorized to interpret the Scheme, to establish, amend and rescind any rules and regulations relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme and shall ensure the compliance with Applicable Laws and shall meet on a regular basis, as and when the need arises.
- 6.2 The Committee may correct any defect, omission or reconcile any inconsistency in the Scheme in the manner and to the extent as may be deemed necessary or desirable.
- 6.3 The powers of the Committee, inter alia, include the power:
 - i) To adopt rules and regulations for implementing the Scheme and revise it from time to time in accordance with the law for the time being in force;

- ii) To determine criteria and the quantum of shares to be offered under the Scheme per employee and in aggregate subject to the ceiling under the Scheme;
- iii) To Identification of eligibility criteria and determine the class of Employees to whom offer may be made from time to time hereunder;
- iv) To formulate the conditions under which offer may lapse, in case of resignation/termination of employment including termination by misconduct or on long term leaves;
- v) To determine the offer/acceptance period, acceptance conditions, offer price and other terms & conditions of the offer made under this Scheme;
- vi) To determine the time & manner in which the share/offer price may be received/recovered from the employee in respect of the share offered;
- vii) To make a fair and reasonable adjustment to the entitlement including adjustment to the number of shares and to the offer Price in case of Corporate Action such as rights issues, bonus issues, split and consolidation of capital. In this regard, the Committee shall ensure that the number and price of shares shall be adjusted in a manner such that total value to the Grantee of the Shares remains at least the same after such change;
- viii) To downward re-pricing of the Shares which are not accepted, if share price rendered unattractive due to fall in the value of the Company;
- ix) To decide upon the right of an employee to apply all the shares at one time or at various points of time within the acceptance/offer period;
- x) To determine the terms and conditions, not inconsistent with the terms of the Scheme, of any share offered hereunder;
- xi) To construe and interpret the terms of the Scheme and shares offered pursuant to the Scheme;
- xii) To make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Scheme;
- xiii) Frame suitable policies and systems to ensure that there is no violation of Securities Laws including SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, by an Employee or Director.



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No member of the Board or Committee shall be personally liable for any decision or action taken in good faith with respect to the Scheme and all members of the Board or Committee or officer of the Company shall be fully protected and indemnified by the Company with respect to any such action, determination, or interpretation.

All decisions, determinations and interpretations by the Committee/Board shall be final and binding on all the Employees.

7. Eligibility

- 7.1 The Board / Compensation Committee shall, based on the various criteria for selection of the Eligible Employees, decide the Employees who qualify under the Scheme as “Eligible Employees” and the number of Shares of the Company that may be offered to them.
- 7.2 The appraisal process shall include evaluation of an Employee based on one or more criteria for determining eligibility of the Employees to be offered shares, including but not limited to role, designation/grade, length of service with the Company, performance of the employees as well as of company, future potential of the employees and/or such other factors as the Board/Committee shall deem relevant for accomplishing the Scheme.
- 7.3 Nothing in the Scheme or in any share offered pursuant to the Scheme shall confer on any Employee, any right to continue in the employment of the Company or interfere in any way with the right of the Company to terminate the Employee’s employment at any time.

8. Offer of Shares:

- 8.1 The Compensation Committee may, on such dates as it shall determine, offer to such Employees as it may in its absolute discretion select, shares of the Company on the terms and conditions and for the consideration as it may decide.
- 8.2 The maximum number of shares that can be granted to any eligible Employee, during any one year, shall not be equal to or exceed 1% of the issued capital of the Company at the time of offer of the Share or such limit as prescribed under regulation 6 of SEBI (Share Based Employee Benefits And Sweat Equity) Regulations 2021. The Committee may decide to offer shares exceeding the above limits, subject to the separate approval of the shareholders in a general meeting.
- 8.3 The maximum quantum of benefit that will be provided to every eligible Employee under the Scheme will be the difference between the market price of Company’s Share on the Stock Exchanges as on the date of acceptance of offer and the Offer Price.

- 8.4 The date of offer of Share shall, for all purposes, be the date on which the Compensation Committee/Board makes the determination offering such Shares, or such other date as is determined by the Compensation Committee/Board. Notice of the determination shall be given to each Eligible Employee to whom a Shares are so offered within a reasonable time after the date of such offer.

9. Acceptance, apply and allotment for shares

- 9.1 Every option holder who wishes to accept the offer shall intimate his/her acceptance and make an application in the prescribed format to the Company alongwith the aggregate amount of offer price upto the maximum number of shares for which offered is being made.
- 9.2 The acceptance of offer shall be made either wholly or in part or within one or more trenches within the offer period.
- 9.3 The Board of Directors/ Compensation Committee shall have, in its absolute discretion, the right to reject any application which is not complete in all respects. The application money received, if any, in respect of such rejected applications shall be refunded to the Employees within a period of 30 days after the date of rejection of the application.
- 9.4 The offer period and the time for making the application after acceptance for seeking shares allotment will be decided by the Committee/Board at the time of offer. The offer period may vary from employee to employee.
- 9.5 Failure to accept the offer within the offer period, shall result in lapsing of offer in the hands of employee.
- 9.6 No person, other than the Employee to whom offer is made, shall be entitled to accept the offer, subject to any transmission of shares as per the conditions of this Scheme or by the operation of law.
- 9.7 On receipt of application(s) complete in all respects as stated above, the Board/committee shall make an allotment of Shares from the Company to the applicant employee.
- 9.8 Upon the allotment of the shares, pursuant to application, the Grantee shall become member of the Company. An employee can apply for shares & sell the shares pursuant to such allotment subject to the adherence of Insider Trading Code of Conduct of the Company and the provisions of the Insider Trading Laws & Regulations. The shares issued under the Scheme shall be in lock-in of one year from the date of allotment.

10. Offer Price

- 10.1 Under this Scheme, the Offer Price of the Share shall be determined by the Committee from time to time as on the date of offer, which shall not be less than the face value of the equity share and not more than the market price on the date of offer.
- 10.2 The offer price shall be received or recovered by the Company, in the manner determined by the Committee in accordance with the terms of the Scheme and communicated to the Grantees in their offer Letter.
- 10.3 The amount so paid by the Grantee, if any, in relation to the offer of Shares before allotment -
- shall not be forfeited by the company if the shares are not allotted to the employee within the acceptance/offer period or due to non-fulfilment of conditions relating to offer as per the Scheme, unless otherwise decided by the Committee; and
 - shall be refunded to the employee in such time & manner as decided by the Committee in accordance with the applicable laws & regulations.
- 10.4 Without prejudice to the above stated provision, the aggregate offer Price required to be paid at any time, shall be paid by the Grantee to the company only through banking channels.

11. Rights of a Shareholder

- 11.1 Equity Shares allotted under this scheme shall rank pari-passu with all other Equity Shares for the time being in issue.
- 11.2 Until the Shares are issued/allotted (as evidenced by the appropriate entry in the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares.

12. Vesting Period:

- 12.1 Vesting Period shall commence after 7 days from the Grant Date and a maximum of 3 (Three) years from the Grant Date, at the discretion of and in the manner prescribed by the Board of Directors and set out in the Grant Letter.
- 12.2 Vesting of Shares can vary from Grantee to Grantee as per the discretion of the Board of Directors/Committee whose decision shall be final and binding.
- 12.3 The Vesting would be subject to the continued employment of the Grantee and may further be linked with the certain performance and other criteria's, as determined by the Committee and mentioned in the Grant Letter.

13. Lock-in-period

- 13.1** There shall be lock-in period of one year for the shares allotted pursuant to this Scheme from the date of Allotment.
- 13.2** In case where shares are allotted by a company under an ESPS in lieu of shares acquired by the employee under an ESPS in another company which has merged or amalgamated with the first mentioned company, the lock-in period already undergone in respect of shares of the transferor company shall be adjusted against the lock-in period required under this sub-regulation.
- 13.3** In the event of death or permanent incapacity of an employee, the requirement of lock-in shall not be applicable from the date of death or permanent incapacity.

14. Exercise period and process of Exercise:

- 14.1** After Vesting, Shares can be exercised, either wholly or partially, within a maximum period of 3 (Three) years from the date of respective vesting, through Cash Mechanism after submitting the Exercise application along with payment of the Exercise Price, applicable taxes and other charges, if any.
- 14.2** The mode and manner of the Exercise shall be communicated to the Grantees individually.

15. Bonus Issue

- 15.1** In the event of a bonus issue of Shares being made by the Company during the offer Period and before allotment, the option holder would be entitled to apply for and be allotted proportionately higher number of Share exercisable on the same terms as are applicable to the original Share, except that these additional Shares would be convertible without any further payments over and above the Offer Price payable for the original Share. For the purpose of the Offer Period, the bonus Shares will be treated at par with the original Shares on which the bonus Shares have been issued.

16. Rights Issue

- 16.1** In the event of the rights issue of Shares being made by the Company during the Offer Period and before allotment, the option holder would be entitled to apply for and be allotted proportionately higher number of Shares offered on the same terms of the original Share, except that these additional Shares would be convertible on payment of the rights issue price. For the purpose of the Offer period, the rights Shares will be treated at par with the original Shares on which the rights Shares have been issued.



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17. Termination of Offer:

17.1 If an offer holder ceases to be an Employee of the Company as the case may be, his or her rights to acceptance of the Shares then held shall be only as follows:

a) **Disability:**

In case the employee suffers a permanent incapacity, while in employment, after offer and before the allotment of shares, all the benefit granted this scheme to him/her under a scheme as on the date of permanent incapacitation, shall vest in him/her on that day.

b) **Death**

In the event of death of the employee, while in employment, after offer and before the allotment of shares, the benefit granted under this scheme to him/her till his/her death shall vest, with effect from the date of his/her death, in the legal heirs or nominees of the deceased employee, as the case may be.

c) **Resignation**

In the event of resignation or termination of an employee, after offer and before the allotment of shares, the employee shall not entitled for any share.

Note: The resignation and termination including notice period served under resignation and termination.

18. Non-Transferability of Shares:

18.1 The offer made under this Scheme shall not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be accepted during the lifetime of the option holder.

19. Surrender of offer:

19.1 Any employee to whom the offer is made under this Scheme, may at any time, surrender or refuse to accept the offer to the management within the offer period. In such case, the company would not be liable to pay any compensation to the employee on account of his surrender/refuse of offer. The offer of Shares so surrendered by the employee will be added back to the pool of ungranted Shares.

20. Tax Liability

20.1 In the event of any tax liability arising on account of the issue of the Shares to the Eligible Employee, the liability shall be that of such Employee alone.



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20.2 In the event of any tax liability arising on account of the Scheme, the Company shall have a right to deduct the equivalent amount from the salary payable by the Company/ to the Employee.

20.3 Notwithstanding anything contained in this Scheme, no Shares/benefit shall be transferred to the offer holders, on acceptance of the Shares, unless adequate taxes as required under the Income Tax Act, 1961 are withheld.

21. Disclosure and Accounting Policies:

21.1 The Company shall comply with the requirements of applicable INDAS on Accounting for Share Based Payments and shall use Fair value method. The fair value of share would be calculated as per the prescribed method under the applicable regulations.

21.2 The Company shall follow the requirements including the disclosure requirements of the Accounting Standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.

22. Governing Law

22.1 This Scheme and all related documents thereunder shall be governed by and construed in accordance with the Securities and Exchange Board of India (Share Based Employees Benefits and Sweat Equity) Regulations, 2021 and other Applicable laws of India.

22.2 The employee agrees and acknowledges that the Employee has received and read a copy of the Scheme. The Shares are subject to the Scheme. Any term of the Scheme that is contrary to the requirement of the SEBI Regulations or any other Applicable Law or other Indian Regulations shall not apply to the extent it is contrary.

23. Regulatory Approvals:

23.1 The implementation of the Scheme, the offering of shares under the Scheme and the issuance of any Shares under this Scheme shall be subject to the procurement by the Company and the Employee of all approvals and permits, if any, required by any regulatory authorities having jurisdiction over the Scheme. The Employees under this Scheme will, if requested by the Committee/ Company, provide such assurances and representations to the Company or the Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

24. Changes in the terms and conditions of the Scheme

24.1 Subject to the Applicable Laws, the Board or Compensation Committee may at any time change the terms and conditions of the Scheme in such manner and at such time as it may deem fit provided that any such change/ amendment shall not be detrimental to the interest of the offer holder/ employees and approval, if required for such changes/ amendments is obtained from the shareholders of the Company in terms of SEBI Regulations, as amended from time to time.

25. Confidentiality

25.1 The option holder who holds any Shares/ Shares under the Scheme shall not divulge the details of the Scheme or of the documents ancillary or incidental thereto, and his holding, to any person except with the prior written permission of the Company.

25.2 The offer holder shall enter into such agreement, as the Company may desire from time to time to more fully and effectively ensure confidentiality of this Scheme.

26. Arbitration:

26.1 In the event of a dispute arising out of or in relation to the provisions of this Scheme (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing.

26.2 In case of such failure, either party may refer the dispute to a single arbitrator to be appointed by the Board of Directors/Compensation Committee of the Company. The arbitration proceedings shall be held in Jaipur, India under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Jaipur, India.

27. Miscellaneous

27.1 This Scheme shall not form part of any contract of employment between the Employee and the Company and/or Subsidiary as the case may be. The rights and obligations of any

individual under the terms of his office or employment with the Company shall not be affected by his participation in this Scheme or any right which he may have to participate in it and nothing in this Scheme shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.

27.2 This Scheme shall not confer on any Employee any legal or equitable rights (other than that to which he would be entitled as an ordinary member of the Company) against the Company either directly or indirectly or give rise to any cause of action in law or in equity against the Company.

27.3 This Scheme is purely at the discretion of the Company.

27.4 Breach of any terms of this Scheme by the Employee shall entitle the Compensation Committee to refuse to offer further Shares or extend any other benefit to such defaulting Employee.

27.5 Participation in the Scheme shall not constitute or be construed as a guarantee or return on the Shares by the Company. Any loss or potential loss due to fluctuations in the market price of the Shares, and the risks associated with such investments are that of the Employee alone and not that of the Company.
