



THEJO ENGINEERING LIMITED

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Disclosures with respect to Employees' Stock Option Plan, 2015 of the Company pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2020:

Thejo Employee Stock Option Plan 2015

Information in respect of Options granted under Thejo Employee Stock Option Plan 2015

Name of the Plan	Thejo Employee Stock Option Plan 2015 ("ESOP 2015")
Date of Shareholders' Approval	August 26, 2015
Number of options approved under the Scheme	3,00,000 options equivalent to 3,00,000 Equity shares of ₹ 10/- each.
Vesting Schedule	1/6 th of Options granted on completion of one year of grant; balance in 6 equal instalments on completion of 18, 24, 30, 36, 42 and 48 months of grant.
Pricing Formula	The Members have authorised the Board to decide the Pricing in line with SEBI guidelines. The Board has decided that the pricing will be not less than 75% of the prevailing market value of the Shares on the date of grant of Options as fixed by Compensation/Nomination and Remuneration Committee based on the closing market price one day prior to date of grant.
Maximum Term of Options granted	60 Months from the date of granting of the Options.
Source of Shares	Primary
Method of Settlement	Equity Shares
Variation in terms of Options	None
Method used for accounting	Intrinsic Value Method
Impact of Fair Value Method	Had the Company used Fair Value Method (under Black Scholes Method) to expense the employee compensation cost, the Employee Stock Option Expense would have been ₹ 100.93 lakhs, which is ₹ 48.03 lakhs higher than the expense under Intrinsic Value Method of ₹ 52.90 lakhs. Had fair value been considered for expensing ESOP cost, the profit for the year and EPS (Basic and Diluted, FV of Rs. 10/- each fully paid) would have been ₹ 1326.26 lakhs, ₹ 38.47/- and ₹ 38.21/- respectively (as against ₹ 1374.29 lakhs, ₹ 39.86/- and ₹ 39.48/- under intrinsic value method).
Option Movement during the year	Number of Options at the beginning of the period – 1,32,467 Number of Options Granted during the year – 79,848 Number of Options forfeited/lapsed during the year – Nil Number of Options vested during the year – 37,742 Number of Options exercised during the year – 23,400 Number of Shares arising as a result of exercise of options – 23,400 Money Realized by exercise of Option – Rs. 35.98 lakhs Loan Repaid by the Trust from exercise price received – NA Number of Options outstanding at the end of the year – 1,88,915 Number of Options exercisable at the end of the year – 90,201

Weighted Average Exercise Price	₹ 267.55/- per share
Weighted Average Fair Value/Option	₹ 164.85/-
Details of Options Granted to specified employees during the year	<p>(A) Senior Managerial Personnel:</p> <p>Employee – Designation – Options Granted – Exercise Price</p> <p>Mr. M.D. Ravikanth – CFO & Secretary – 4,392 – ₹ 423/-</p> <p>Mr. S. Premjit – VP (Services) – 3,600 – ₹ 423/-</p> <p>Mr. Thomas K Abraham – VP (HR & Admin) – 3,600 – ₹ 423/-</p> <p>Mr. S. Satish – VP (Manufacturing) – 3,384 – ₹ 423/-</p> <p>Mr. Dinesh Bennet Fernandez - AVP (Materials) – 2,988 – ₹ 423/-</p> <p>Mr. S. Suryanarayanan – AGM (Accounts) – 2,592 – ₹ 423/-</p> <p>Mr. M.J. Shaji – VP (Commercial) – 2,988 – ₹ 423/-</p> <p>(B) Any other employee granted options amounting to 5% or more of option granted during the year:</p> <p>Employee – Designation – Options Granted – Exercise Price</p> <p>Mr. Shine James – MD, TAPL – 3,996 – ₹ 423/-</p> <p>(C) Identified employee who was granted option during the year equal to or exceeding 1% of issued capital: Nil</p>
Method and Significant Assumptions to estimate fair value	<p>Method Used: Black Scholes Method</p> <p>Significant Assumptions Used:</p> <p>Lot 1: Options granted in FY 15-16</p> <p>Weighted Average Value of Share Price: ₹ 205/-</p> <p>Weighted Average Price of Exercise Price: ₹ 153.75/-</p> <p>Expected Volatility: 35.40%-38.50%</p> <p>Expected Option Life: 3 - 4.5 years</p> <p>Expected Dividends: 1.81%</p> <p>Risk-free interest rate: 6.93% - 7.07%</p> <p>Lot2: Options granted in FY 19-20</p> <p>Weighted Average Value of Share Price: ₹ 564/-</p> <p>Weighted Average Price of Exercise Price: ₹ 423/-</p> <p>Expected Volatility: 41.70%-44.60%</p> <p>Expected Option Life: 3-4.5 years</p> <p>Expected Dividends: 1.18%</p> <p>Risk-free interest rate: 6.65%-6.85%</p> <p>Method to determine Expected Volatility: Standard deviation of the continuously compounded rate of return of the stock during the expected option life based on historic value.</p>

Status of Options

Particulars	As at 31/3/2020		As at 31/3/2019	
	No. of Options	WAEP (₹)	No. of Options	WAEP(₹)
Outstanding at the beginning of the year	75,859	153.75	1,35,867	153.75
Add: Granted during the year	79,848	423.00	0	NA
Less: Forfeited/Lapsed during the year	0	NA	0	NA
Less: Exercised during the year	23,400	153.75	3400	153.75
Outstanding at the end of the year	1,88,915	267.55	1,32,467	153.75
Exercisable at the end of the year	90,201	153.75	75,859	153.75

WAEP – Weighted Average Exercise Price/Option

NA – Not Applicable

Summary of Options Outstanding:
Thejo ESOP 2015

As at 31/3/2020			As at 31/3/2019		
No. of Options outstanding	Exercise Price (₹)	Weighted Average Remaining contractual Life	No. of Options outstanding	Exercise Price (₹)	Weighted Average Remaining contractual Life
1,09,067	153.75	14 Months	1,32,467	153.75	26 Months
79,848	423.00	50 Months			

NA – Not Applicable

Diluted EPS as per AS 20	Diluted EPS (Per Equity Share of face value of Rs. 10/- each fully paid) – ₹ 39.48/-
Price of underlying shares in Market at the time of grant of option	Lot 1 (Granted in FY 15-16): ₹ 205/- per Equity Share Lot 2 (Granted in FY 19-20): ₹ 564/- per Equity Share