



**THEJO ENGINEERING LIMITED**

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**THEJO EMPLOYEES STOCK OPTION**  
**SCHEME 2015 (ESOP 2015)**

## **1. Name, Objective and Term of the Plan**

- 1.1 This Plan shall be called as “ESOP 2015.”
- 1.2 The objective of ESOP 2015 is to attract, retain, reward, incentivize and motivate Employees to contribute to the growth and profitability of the Company (including Subsidiary Companies / Holding Company, if any).
- 1.3 ESOP 2015 is established with effect from 26<sup>th</sup> August, 2015 and shall 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 ESOP 2015 have been issued and exercised.
- 1.4 The Board of Directors may subject, to compliance with the Applicable Laws, at any time alter, amend, suspend or terminate ESOP 2015.

## **2. Definitions**

- i) **“Agreement”** means the Employee Stock Option Agreement between the Company and the Option Grantee, evidencing the terms and conditions of an individual Employee Stock Option. The Agreement is subject to the conditions of ESOP 2015.
- ii) **“Applicable Laws”** means the legal requirements relating to the Employee Stock Options including, without limitation, the Companies Act, 2013 and the Rules made thereunder, Securities & Exchange Board of India Regulations, Income-tax Act, 1961, Foreign Exchange Management Act, 1999 and any subsequent amendment to all the Acts and all other relevant laws of India.
- iii) **“Board”** means the Board of Directors of the Company.
- iv) **“Companies Act”** means The Companies Act, 2013, the Rules made thereunder and includes any statutory modifications or re-enactments thereof.
- v) **“Company”** means Thejo Engineering Limited (THEJO) and its successors and assigns.
- vi) **“Company Policies / Terms of Employment”** means the Company’s policies for employees and the terms of employment.
- vii) **“Compensation Committee”** means **“Compensation/Nomination & Remuneration Committee,”** a Committee having majority of Independent Directors, constituted by the Board of Directors from time to time *inter alia* to administer ESOP 2015.
- viii) **“Director”** means a Member of the Board of Directors 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 with the approval of the Board.

- x) **“Employee”** means
- (i) a permanent Employee of the Company who has been working in India or outside India;
  - (ii) a Director of the Company, whether a Whole-time Director or not but excluding an Independent Director;
  - (iii) an Employee of the Subsidiary in India or outside India, or of the Holding Company of the Company or of an Associate Company, but does not include
    - (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 any body corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of the Company.
- xi) **“Employees Stock Option” or “Option”** means the Option granted to an Employee, which gives such Employee the right to purchase or subscribe at a future date the Shares underlying the Option at a pre-determined price, with no obligation to do so.
- xii) **“Equity Shares”** means the Equity Shares of THEJO. The Equity Shares of the Company are currently listed on the National Stock Exchange of India Ltd. (NSE) under Small & Medium Enterprise (SME) Platform.
- 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 ESOP 2015, in accordance with the procedure laid down by the Company for exercise of Options.
- xiv) **“Exercise Period”** means such time period after vesting within which the Employee should exercise the Options vested in him in pursuance of ESOP 2015.
- xv) **“Exercise Price”** means the price payable by an Employee or his / her legal heirs or nominees in case of Employee’s death or permanent incapacity in order to exercise the Option granted to him in pursuance of ESOP 2015.
- xvi) **“Fair Market Value / Market Value”** means the latest available closing price, prior to the date of the meeting of the Compensation Committee in which Options are granted are issued, on the Stock Exchange on which the Shares of the Company are listed.
- xvii) **“Grant”** means issue of Options to the Employees under ESOP 2015.
- xviii) **“Holding Company”** means any present or future Holding Company of the Company, as defined in Section 2(46) of the Companies Act, 2013.
- xix) **“Option Grantee”** means an Employee having a right but not an obligation to exercise an Employee Stock Option in pursuance of ESOP 2015.

- xx) **“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 Committee.
- xxi) **“Promoter”** means (a) the person or persons who are in control of the Company; (b) the person or persons who are instrumental in the formation of a Plan or Programme pursuant to which the Shares were offered to the public; (c) the person or persons named in the offer document as Promoters as defined in Clause 2(1) (za) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- a. Provided that a Director or an Officer of the Company if he is acting as such only in his professional capacity will not be deemed to be a Promoter.
- xxii) **“Promoter Group”** means (a) the Promoters (b) an immediate relative of the Promoter (i.e. any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (c) persons whose shareholding is aggregated for the purpose of disclosing in the offer document “shareholding of the Promoter Group” as defined in Clause 2(1)(zb) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- xxiii) **“Retirement”** means retirement as per the Rules of the Company.
- xxiv) **“Scheme / Plan / ESOP 2015”** means this Employee Stock Option Scheme 2015 under which the Company is authorised to grant Employee Stock Options to the Employees.
- xxv) **“Shares”** means Equity Shares of the Company arising out of the exercise of Employee Stock Options granted under ESOP 2015.
- xxvi) **“Subsidiary Company”** means any present or future Subsidiary Company of the Company, as defined in Section 2(87) of the Companies Act, 2013.
- xxvii) **“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.
- xxviii) **“Vesting”** means earning by the Option Grantee, of the right to apply for Shares of the Company against the Employee Stock Options granted to him in pursuance of ESOP 2015.
- xxix) **“Vesting Period”** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of ESOP 2015 takes place.
- xxx) **“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.

### **3. Authority and Ceiling**

The Members of the Company at the Twenty-ninth Annual General Meeting held on 26<sup>th</sup> August, 2015 have authorised by a Special Resolution the Grant of Employee Stock Options under ESOP 2015, in one or more tranches, to the Employees of the Company upto **6,72,348<sup>(1)</sup>** Options convertible into **6,72,348<sup>(1)</sup>** Equity Shares of the face value of Rs.10 each, with each such Option conferring a right upon the Employee to apply for one Equity Share of the Company, in accordance with the terms and conditions of such issue.

### **4. Administration**

- 4.1 ESOP 2015 shall be administered by the Compensation Committee. All questions of interpretation of ESOP 2015 shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in ESOP 2015.
- 4.2 The Compensation Committee shall, in accordance with this Plan and the Applicable Laws determine the following:
- (a) The quantum of Employee Stock Options to be granted under ESOP 2015 per Employee subject to the ceiling as specified in Para 3;
  - (b) The Eligibility Criteria;
  - (c) The procedure and terms for the Grant, Vesting and Exercise of Employee Stock Option in case of Employees who are on long leave and
  - (d) Approve Forms, writings and / or agreements for use in pursuance of ESOP 2015.

### **5. Eligibility and Applicability**

- 5.1 Only Employees are eligible for being granted Employee Stock Options under ESOP 2015. The specific Employees to whom the Options will be granted and their eligibility criteria will be determined by the Compensation Committee based on the recommendation of the Strategic Business Unit (SBU) Head. The SBU Head will consider the important criteria viz. past and present performance of the Employee, Potential, Professionalism, Technical Proficiency, Leadership skills, Length of service, Criticality of the Employee and Retention Policy of the Company.
- 5.2 The Scheme shall be applicable to the Company, its Subsidiary Companies in India and or outside India or of a Holding Company or of an Associate Company and any successor Company thereof and may be granted to the Employees and the Directors of the Company or its Subsidiaries or its Holding Company, as determined by the Compensation Committee at its own discretion.
- 5.3 The Directors of the Company, whether a Whole-time Director or not excluding the Independent Directors.

*(1) – Revised from 3,00,000 to 6,72,348 on October 29, 2021 for making adjustment for Bonus Issue.*

## **6. Ceiling on aggregate number of Options**

Options may be granted from time to time to such Employees and in such numbers as may be decided by the Compensation Committee subject to the stipulation that the aggregate number of Shares issued and allotted under ESOP 2015 Scheme shall not exceed 6,72,348<sup>(1)</sup>

## **7. Vesting Schedule / Conditions**

The Options granted shall vest so long as the employee continues to be in the employment of the Company (including Subsidiary Companies / Holding Company, if any).

The Options will vest not earlier than one year from the date of grant of Options. The exact proportion in which and the exact period over which the Options will vest will be as follows:

- a) One sixth of the Options at the end of one year from the date of grant, and
- b) The remaining five-sixths of the Options over the second, third and fourth year from the date of grant in six equal half-yearly instalments.

The Options shall vest fully on the occurrence of permanent total disability or the death of the Employee.

## **8. Expiry:**

- 8.1 Options issued to Employees can be exercised, in whole or in part, only after they vest and prior to the expiration of the Options.
- 8.2 Options expire at the end of the 60 months from the date of grant.
- 8.3 If an Option vested earlier than envisaged due to death or permanent total disability of the Employee, the Option shall expire within three months after such a vesting. The Compensation Committee is empowered to extend the expiry date by not more than six months in the case of death or permanent total disability of the Employee.
- 8.4 Employees who do not wish to accept Option grants shall notify the Company in writing. Any Option recommended by the Compensation Committee to such Employees will not be issued to them and will be void and without effect.
- 8.5 Employees who do not wish to continue participating in ESOP after the Option is received shall notify the Company in writing. The Options granted such Employees will be forfeited after the letter is received by the Company.

*(1) – Revised from 3,00,000 to 6,72,348 on October 29, 2021 for making adjustment for Bonus Issue.*

## **9. Exercise**

### **9.1 Exercise Price**

The Options will be issued at a price not less than 75% of the prevailing market value of the Shares on the date of grant of Options. The Exercise Price will be fixed by the Compensation Committee based on the closing Market Price one day prior to date of grant.

The Compensation Committee will introduce the procedure for making fair and reasonable adjustments to the number of Options and the exercise price, when corporate actions such as Rights Issue or Bonus Issues are initiated.

### **9.2 Exercise during Closure of Trading Window**

Exercise of Options by the Employees will be permitted during the period when the trading window is closed.

However, as per Rule 4 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, sale of Shares allotted on exercise of Options by the Employees shall not be permitted in the period when the trading window is closed.

### **9.3 Exercise Period**

The Exercise Period will commence from the date of vesting (on completion of one year from the date of grant) and will expire on completion of 5 years from the date of granting of Options.

The Options will be exercisable by the Employees / Legal Heirs or Nominees by a written application to the Company to exercise the Options in such manner and on execution of such documents as may be prescribed by the Compensation Committee from time to time.

### **9.4 In case of separation**

Unvested Options, if any, will get cancelled. Vested Options have to be exercised within one month from the date the Employee ceases to be in employment of the Company.

### **9.5 In case of Retirement from Service**

Unvested Options, if any, will get cancelled. Vested Options have to be exercised within six months from the last working day of the Employee in the Company.

### **9.6 In case of permanent total disability or the death of the Employee**

The entire Options have to be exercised by the Legal Heirs or Nominee of the Employee within three months from the date of occurrence of the event. The Compensation Committee is empowered to extend the expiry date by not more than six months in the case of death or permanent total disability of the Employee.

## **9.7 Status of lapsed Options**

The Options will lapse if not exercised within the specified Exercise Period and get added back to the ESOP pool. Such Options can be granted afresh to the Employees in the future.

## **10. Consequence of failure to exercise Options:**

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

- i) may be forfeited by the Company if the Option is not exercised by the Employee within the Exercise Period; or
- ii) may be refunded to the Employee if the Options are not vested due to non-fulfilment of any condition relating to vesting of Option as per the ESOP Scheme

## **11. Other Terms and Conditions**

11.1 The Employee shall not have a right to receive any Dividend or to vote or in any manner enjoy the benefits of a shareholder viz. Bonus Shares, Rights Shares etc. in respect of Employee Stock Options granted, till the Shares underlying such Employee Stock Options are allotted on exercise of such Employee Stock Options.

11.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company 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.

11.3 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 9.6 will apply.

11.4 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to exercise the Employee Stock Options except in the event of the death of the Option Grantee holder, in which case clause 9.6 will apply.

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

### **11.6 Grants to be made to New Hires / Joiners**

In case the Company (including Subsidiary Companies / Holding Company, if any) proposes to grant Options to the new hires / Joiners, the number of Options to be allocated and related terms and conditions will be decided at the meeting of the Compensation Committee.

## **12. Lock-in Period**

The Shares arising out of exercise of vested Options will not be subject to any lock-in period after such exercise.



### **13. Listing of Shares**

The Shares issued on exercise of the Options shall be listed on the National Stock Exchange where the Company's Equity Shares are listed and will be subject to the terms and conditions of the Listing Agreement with the Stock Exchange in addition to the terms and conditions of ESOP 2015...

### **14. Buy-back**

The Shares issued pursuant to any exercise of Options, along with other Shares issued by the Company, subject to the Applicable Laws and procedures, will be subject to an approved scheme of buy-back by the Company.

### **15. FEMA**

Where the Employee is, at the time of the issue of Shares pursuant to ESOP 2015, a resident outside India, the issue will be made according to the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA).

### **16. Deduction of Tax**

The Company (including Subsidiary Companies / Holding Company / Associate Company, if any) shall have the right to deduct from the Employee's salary, any of the Employee's tax obligations arising in connection with the Employee Stock Options or the Shares acquired upon the Exercise thereof.

### **17. Authority to vary terms and Conditions**

The terms and conditions of ESOP 2015 can be varied by the Compensation Committee after getting the approval for such modification from the Members of the Company in a General Meeting. The modification should be in the interest of the Employees.

The Special Resolution for the variation should disclose the details of the variation, the rationale therefor and the details of the Employees who will be the consequent beneficiaries.

### **18. Miscellaneous**

#### **18.1 Government Regulations**

ESOP 2015 shall be subject to all Applicable Laws, and approvals from the Governmental Authorities. The grant and the allotment of Shares under ESOP 2015 shall also be subject to the Company requiring the Employees to comply with all Applicable Laws.

#### **18.2 General Risks**

Participation in this ESOP 2015 shall not be construed as any guarantee of return on the investment in the Equity Shares of the Company. Any loss due to fluctuations in the market price of the Equity Shares of the Company and the risks associated with the investment is that of the Employee alone.

### **18.3 Inability to obtain authority**

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

- 18.4 The grant of an Employee Stock Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Company, give such person any right, entitlement or expectation to have an Employee Stock Options granted to him in respect of any number of Shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.
- 18.5 Grant of Employee Stock Options to any Employee under this ESOP 2015 shall not 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 an Employee Stock Option on any other occasion.
- 18.6 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 or the Group for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 18.7 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 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. Notices**

All notices of communication required to be given by the Company to an Option Grantee by virtue of ESOP 2015 shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee to the Company in respect of ESOP 2015 shall be sent to the address mentioned below:

Thejo Engineering Limited  
Corporate Office  
41 Cathedral Road  
Chennai 600 086

### **20. Governing Law and Jurisdiction**

- 20.1 The terms and conditions of ESOP 2015 shall be governed by and construed in accordance with the laws of India.

20.2 The Courts of Chennai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of ESOP 2015.

20.3 Nothing in this Clause shall, however, limit the right of the Company to bring proceedings against any Employee in connection with ESOP 2015:

- (i) in any other Court of competent jurisdiction; or
- (ii) concurrently in more than one jurisdiction.

## **21. Income Tax Rules**

The Income Tax Laws and Rules as in force shall be applicable to ESOP 2015.