



## **HINDUJA GLOBAL SOLUTIONS LIMITED**

(CIN: L92199MH1995PLC084610)

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### **HINDUJA GLOBAL SOLUTIONS LIMITED EMPLOYEES STOCK OPTION PLAN, 2008**

**(Earlier known as HTMT Global Solutions Limited Employees Stock Option Plan 2008)**

**Status as on March 31, 2019**

#### **I. DETAILS RELATED TO ESOP:**

Hinduja Global Solutions Limited (“the Company”) is implementing the ‘Hinduja Global Solutions Limited Employees Stock Option Plan, 2008 (“ESOP 2008”)’ since Financial Year 2009-10 in terms of the approval accorded by the Members of the Company at their Meeting held on September 27, 2008.

##### **(i) Total Number of Options Approved under ESOP 2008**

The total Number of Options approved under the ESOP 2008 Scheme = 2,05,380.

##### **(ii) Vesting Requirements**

The options will vest as per the following schedule:

- 1/6<sup>th</sup> of the Options granted will vest on the first anniversary of the grant date
- 1/3<sup>rd</sup> of the Options granted will vest on the second anniversary of the grant date
- ½ of the Options granted will vest on the third anniversary of the grant date

##### **(iii) Exercise Price or Pricing Formula**

Exercise Price of each Option shall be the Market Price, i.e. the latest available closing price prior to the date of the meeting of the Nomination and Remuneration Committee (erstwhile Compensation Committee) or Board of Directors, in which the Options are granted, on the Stock Exchanges where there is highest trading volume on the said date.

**(iv) Maximum Term of Options Granted**

The Optionee may exercise his/her vested options, in part or in whole, at any day after the earliest applicable vesting date and prior to the completion of the 48th month from the grant date. On the completion of the 48th month from the grant date, the options shall lapse and revert back to the Company.

**(v) Source of Shares:**

**Primary**

**(vi) Variation in terms of options:**

**Nil**

**(vii) Accounting Treatment**

- a) Method used to account for ESOP - Fair Value method is used to account for options under ESOP 2008.
- b) The stock-based compensation cost calculated as per the fair value method for the financial year 2018-19 is ₹ (12.33) lakhs.

**(viii) Option movement during the year (April 1, 2018 to March 31, 2019):**

<b>Particulars</b>	<b>Details</b>
Number of options outstanding at the beginning of the period	72,103
Number of options granted during the year	0
Number of options forfeited/ lapsed during the year	17,285
Number of options vested during the year	24,548
Number of options exercised during the year	12,362
Number of shares of ₹ 10 each arising as a result of exercise of options	12,362
Money realized by exercise of options (INR), if scheme is implemented directly by Company (Scheme is implemented by the Company)	₹ 97,69,704
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	42,456
Number of options exercisable at the end of the year	32,790

- (ix) **Weighted average exercise prices and weighted- average fair values of options disclosed separately, as under, for options whose exercise price either equals or exceeds or is less than the market price of the stock**

**NIL**

- (x) **Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to-**

a) **Senior Managerial Personnel: Nil**

b) **Any other employee who receives a grant in one year (2018-19) of option amounting to 5% or more of options granted during that year: Nil**

c) **Identified employees who were granted option, during one year (2018-19), equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: Nil**

- (xi) **Description of the method and significant assumptions used during the year (2018-19) to estimate the fair value of options including the following information-**

- a) **The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model:**

The fair value of the options has been calculated using the Black Scholes Options Pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumption used in the estimation is as under:

	Options granted on
<b>Particulars</b>	No options granted during the year
Risk free interest rate	
Expected life	
Expected volatility	
Expected dividends	
The price of the underlying share in market at the time of option grant	

**b) The method used and the assumptions made to incorporate the effects of expected early exercise:**

The Expected Life of options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.

The fair value of each award has been determined based on different expected lives of the options that vest each year, as if the award were several separate awards, each with a different vesting date.

**c) Determination of expected volatility, including an explanation of the extent to which expected volatility was based on historical volatility:**

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black- Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The period to be considered for volatility has to be adequate to represent a consistent trend in the price movements. It is also important that movements due to abnormal events get evened out.

There is no research that demonstrates conclusively how long the historical period used to estimate expected long-term future volatility should be. The entity's stocks have been publicly traded on NSE. For calculating volatility, the daily volatility of the stock prices on NSE, over a period prior to the date of grant, corresponding with the expected life of options, has been considered.

The fair value of an option is very sensitive to this variable. Higher the volatility, higher is the fair value. The rationale being, the more volatile a stock is, the more is its potential to go up (or come down), and the more is probability to gain from the movement in the price. Accordingly, an option to buy a highly volatile stock is more valuable than the one to buy a less volatile stock, for the probability of gaining is lesser in the latter case.

**d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition.**

No other feature has been considered for fair valuation of options except as mentioned above.



## II. ACCOUNTING DISCLOSURES

Relevant disclosures in terms of the employee share-based payments; and diluted EPS on issue of shares pursuant to the schemes have been disclosed in accordance with 'Ind AS 33 - Earnings Per Share', and attached as Annexure.

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**HINDUJA GLOBAL SOLUTIONS LIMITED**  
(All amounts are in Rupees Lakhs)

**Share based payments**

**a) Employee option plan**

Details of the employee stock option plan are as given below.

Particulars	ESOP 2008	ESOP 2011
Details of the plan	The Shareholders of the Company at their Annual General Meeting held on September 27, 2008 granted approval to the HTMT Global Solutions Limited Employees Stock Option Plan 2008 (now Hinduja Global Solutions Limited Employees Stock Option Plan 2008) ("ESOP 2008"). Subsequently, the Nomination and Remuneration Committee (formerly Compensation Committee) approved the terms and conditions relating to ESOP 2008 and options were granted on July 31, 2009.	The Shareholders of the Company at their Annual General Meeting held on August 1, 2011 granted approval to the Hinduja Global Solutions Limited Employees Stock Option Plan 2011 ("ESOP 2011"). Subsequently, the Nomination and Remuneration Committee (formerly Compensation Committee) approved the terms and conditions relating to ESOP 2011 and options were granted on November 11, 2011.
Maximum grant of options	The maximum number of options that could be issued under ESOP 2008 is 205,380 (being 1% of the outstanding equity shares of the Company as at April 1, 2009).	The maximum number of options that could be issued under ESOP 2011 is 308,838 (being 1.5% of outstanding paid up capital of the Company as at April 1, 2011).
Vesting period	Options to vest over a period of three years from the date of their grant as under: - 1/6 <sup>th</sup> of the options granted will vest on the first anniversary of the grant date. - 1/3 <sup>rd</sup> of the options granted will vest on the second anniversary of the grant date. - 1/2 of the options granted will vest on the third anniversary of the grant date.	Options to vest over a period of three years from the date of their grant as under: - 1/6 <sup>th</sup> of the options granted will vest at the end of one year from the grant date. - 1/6 <sup>th</sup> of the options granted will vest at the end of 18 months from the grant date. - 1/6 <sup>th</sup> of the options granted will vest at the end of 24 months from the grant date. - 1/4 <sup>th</sup> of the options granted will vest at the end of 30 months from the grant date. - 1/4 <sup>th</sup> of the options granted will vest at the end of 36 months from the grant date.
Exercise period	Options vested with an employee will be exercisable prior to completion of the 48 <sup>th</sup> month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.	Options vested with an employee will be exercisable prior to completion of the 24 <sup>th</sup> month from the date of vesting of options by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.
Exercise price	Rs. 400.10 per share	Rs. 340.20 per share
Grant/re-grant options	The Nomination and Remuneration Committee (formerly Compensation Committee) approved the request of lapsed options which were subsequently granted to specific employees. The term for vesting and exercise period are as stated above.	The Nomination and Remuneration Committee (formerly Compensation Committee) approved the request of lapsed options which were subsequently granted to specific employees. The term for vesting and exercise period are as stated above.

The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the grant date. The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.

**HINDUJA GLOBAL SOLUTIONS LIMITED**  
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Set out below is a summary of options granted under the plan:

**ESOP 2008**

	As at March 31, 2019		As at March 31, 2018	
	Average exercise Price Per share (INR)	Number of Options	Average exercise Price Per share (INR)	Number of Options
Opening balance	544.28	72,103	469.84	1,41,079
Granted during the year	-	-	536.95	21,000
Lapsed during the year	546.15	(17,285)	489.01	(55,369)
Exercised during the year	553.08	(12,362)	433.16	(34,607)
<b>Closing Balance</b>		<b>42,456</b>		<b>72,103</b>
Vested and exercisable		32,790		37,446

**ESOP 2011**

	As at March 31, 2019		As at March 31, 2018	
	Average exercise Price Per share (INR)	Number of Options	Average exercise Price Per share (INR)	Number of Options
Opening balance	523.01	85,832	527.38	1,08,111
Granted during the year	-	-	536.95	25,500
Lapsed during the year	553.14	(16,113)	530.11	(24,911)
Exercised during the year	498.39	(26,344)	520.93	(22,868)
<b>Closing balance</b>		<b>43,375</b>		<b>85,832</b>
Vested and exercisable		32,748		47,777

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 - ESOP 2008: Rs.784.67 and ESOP 2011: Rs.778.53. (Year ended March 31, 2018 - ESOP 2008: Rs.693.01 and ESOP 2011: Rs.734.75)

Shares options outstanding at the end of the year have the following expiry dates and exercise prices

Grant Date	ESOP Plan	Expiry Date	Exercise Price (INR)	Share options (March 31, 2019)	Share options (March 31, 2018)
July 2, 2014	ESOP 2008	July 2, 2018	527.25	-	16,654
September 29, 2014	ESOP 2008	September 29, 2018	649.25	-	5,650
November 6, 2015	ESOP 2008	November 6, 2019	471.00	31,440	32,999
April 21, 2017	ESOP 2008	April 21, 2021	565.05	6,016	11,800
August 10, 2017	ESOP 2008	August 10, 2021	508.85	5,000	5,000
November 11, 2013	ESOP 2011	November 11, 2018	416.65	-	13,500
July 2, 2014	ESOP 2011	July 2, 2019	527.25	4,683	16,371
September 29, 2014	ESOP 2011	September 29, 2019	649.25	875	2,260
November 6, 2015	ESOP 2011	November 6, 2020	471.00	23,593	33,502
April 21, 2017	ESOP 2011	April 21, 2022	565.05	9,225	15,200
August 10, 2017	ESOP 2011	August 10, 2022	508.85	5,000	5,000

**HINDUJA GLOBAL SOLUTIONS LIMITED**  
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Stock options outstanding at the end of the year have the following Remaining life ( In months )

Grant date	ESOP Plan	Expiry Date	Remaining life (months)	Share options (March 31, 2019)	Remaining life (months)	Share options (March 31, 2018)
July 2, 2014	ESOP 2008	July 2, 2018	-	-	3	16,654
September 29, 2014	ESOP 2008	September 29, 2018	-	-	6	5,650
November 6, 2015	ESOP 2008	November 6, 2019	7	31,440	19	32,999
April 21, 2017	ESOP 2008	April 21, 2021	24	6,016	37	11,800
August 10, 2017	ESOP 2008	August 10, 2021	28	5,000	40	5,000
November 11, 2013	ESOP 2011	November 11, 2018	-	-	7	13,500
July 2, 2014	ESOP 2011	July 2, 2019	3	4,683	15	16,371
September 29, 2014	ESOP 2011	September 29, 2019	6	875	18	2,260
November 6, 2015	ESOP 2011	November 6, 2020	19	23,593	31	33,502
April 21, 2017	ESOP 2011	April 21, 2022	36	9,225	49	15,200
August 10, 2017	ESOP 2011	August 10, 2022	40	5,000	52	5,000

**(i) Fair value of options granted**

The Company not granted any new grants during financial year ended March 31, 2019. The fair value of options granted during the year ended March 31, 2019 is Nil (March 31, 2018 is as below). The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

ESOP Scheme	Grant date	Fair value
ESOP 2008	April 21, 2017	158.89
ESOP 2008	August 10, 2017	143.81
ESOP 2011	April 21, 2017	159.93
ESOP 2011	August 10, 2017	145.70

The model inputs for options granted during the year ended year ended March 31, 2019 is Nil (March 31, 2018 s as included below).

	ESOP 2008 scheme		ESOP 2011 scheme	
	As at March 31, 2019 <sup>#</sup>	As at March 31, 2018	As at March 31, 2019 <sup>#</sup>	As at March 31, 2018
i) Exercise price	-	Rs.565.05 and Rs.508.85	-	Rs. 565.05 and Rs.508.85
ii) Grant date	-	April 21, 2017 and August 10, 2017	-	April 21, 2017 and August 10, 2017
iii) Expiry date	-	April 21, 2021 and August 10, 2021	-	April 21, 2022 and August 10, 2022
iv) Share price at grant date	-	Rs.548.27	-	Rs.550.37
v) Expected price volatility	-	31.54%	-	32.53%
vi) Expected dividend yield	-	1.37%	-	1.37%
vii) Risk free interest rate	-	6.54%	-	6.55%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

# The Company not granted any new grants during financial year ended March 31, 2019.

**(b) (Income)/Expense arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognized in profit or loss as part of employee benefit (Income)/expense were as follows:

Particulars	March 31, 2019	March 31, 2018
Employee share based payment (Income)/expenses	(12.34)	(22.39)