



HINDUJA GLOBAL SOLUTIONS LIMITED

(CIN: L92199MH1995PLC084610)

Registered Office: Hinduja House, 171, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

Tel: 022-2496 0707, Fax: 022-2497 4208, E-mail id: investor.relations@teamhgs.com

Website: www.teamhgs.com

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, 2017

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:

- 1/6th of the Options granted will vest on the first anniversary of the grant date
- 1/3rd 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

The fair value of options granted under the Hinduja Global Solutions Limited Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- a. including any market performance conditions;
- b. excluding the impact of any service and non-market performance vesting conditions, and
- c. Including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(viii) Option movement during the year (April 1, 2016 to March 31, 2017):

Particulars	Details
Number of options outstanding at the beginning of the period	1,64,512
Number of options granted during the year	0
Number of options forfeited/ lapsed during the year	18,716
Number of options vested during the year	84,871
Number of options exercised during the year	4,717
Number of shares of ₹ 10 each arising as a result of exercise of options	4,717
Money realized by exercise of options (INR), if scheme is	

implemented directly by Company (Scheme is implemented by the Company)	₹ 14,74,075
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	1,41,079
Number of options exercisable at the end of the year	49,558

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

Nil since there were no options granted during the year.

(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 (2016-17) of option amounting to 5% or more of options granted during that year: Nil

c) Identified employees who were granted option, during one year (2016-17), 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 (2016-17) 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
Particulars	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 Ind-AS 102 'Share based payment' are attached as Annexure.



Annexure.pdf
