



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, 2020

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

- 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 2019-20 is ₹ (20.57) lakhs.

(viii) Option movement during the year (April 1, 2019 to March 31, 2020):

Particulars	Details
Number of options outstanding at the beginning of the period	42,456
Number of options granted during the year	30,000
Number of options forfeited/ lapsed during the year	15,648
Number of options vested during the year	10,900
Number of options exercised during the year	19,308
Number of shares of ₹ 10 each arising as a result of exercise of options	19,308
Money realized by exercise of options (INR), if scheme is implemented directly by Company (Scheme is implemented by the Company)	₹ 1,15,65,290
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	37,500
Number of options exercisable at the end of the year	5,300

- (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**

Grant Date	Weighted average exercise price (per share of ₹ 10 each)	Weighted average Fair Value of options (per share of ₹ 10 each)
August 05, 2019	₹ 592.05	₹ 177.36

- (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:** - As per Annexure 2

b) **Any other employee who receives a grant in one year (2019-20) of option amounting to 5% or more of options granted during that year:** – One employee...

c) **Identified employees who were granted option, during one year (2019-20), equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant :-** One employee

- (xi) **Description of the method and significant assumptions used during the year (2019-20) 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	
Risk free interest rate	6.01%
Expected life	3.17
Expected volatility	33.09%
Expected dividends	0.38%
The price of the underlying share in market at the time of option grant	592.05

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.

ESOP 2008: Grant during the year 2019-20 to Senior Managerial Personnel

Name	Designation	No. of Options granted	Grant Price (₹)
Adam Foster	CEO - UK & Europe, Executive Team	30000	592.05

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 th of the options granted will vest on the first anniversary of the grant date. - 1/3 rd 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 th of the options granted will vest at the end of one year from the grant date. - 1/6 th of the options granted will vest at the end of 18 months from the grant date. - 1/6 th of the options granted will vest at the end of 24 months from the grant date. - 1/4 th of the options granted will vest at the end of 30 months from the grant date. - 1/4 th 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 th 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 th 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.

Set out below is a summary of options granted under the plan:

ESOP 2008

	March 31, 2020		March 31, 2019	
	Average exercise Price Per share (INR)	Number of Options	Average exercise Price Per share (INR)	Number of Options
Opening balance	514.97	42,456	544.28	72,103
Granted during the year	592.05	30,000	-	-
Lapsed during the year	514.97	(15,648)	546.15	(17,285)
Exercised during the year	471.00	(19,308)	553.08	(12,362)
Closing Balance		37,500		42,456
Vested and exercisable		5,300		33,623

ESOP 2011

	March 31, 2020		March 31, 2019	
	Average exercise Price Per share (INR)	Number of Options	Average exercise Price Per share (INR)	Number of Options
Opening balance	544.28	43,376	523.01	85,832
Granted during the year	-	-	-	-
Lapsed during the year	544.28	(14,165)	553.14	(16,112)
Exercised during the year	482.25	(7,681)	498.39	(26,344)
Closing balance		21,530		43,376
Vested and exercisable		19,880		34,398

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2020 - ESOP 2008: Rs. 598.99 and ESOP 2011: Rs. 587.72. (Year ended March 31, 2019 - ESOP 2008: Rs.784.67 and ESOP 2011: Rs.778.53)

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, 2020)	Share options (March 31, 2019)
November 6, 2015	ESOP 2008	November 6, 2019	471.00	-	31,440
April 21, 2017	ESOP 2008	April 21, 2021	565.05	2,500	6,016
August 10, 2017	ESOP 2008	August 10, 2021	508.85	5,000	5,000
August 5, 2019	ESOP 2008	August 5, 2023	592.05	30,000	-
July 2, 2014	ESOP 2011	July 2, 2019	527.25	-	4,683
September 29, 2014	ESOP 2011	September 29, 2019	649.25	-	875
November 6, 2015	ESOP 2011	November 6, 2020	471.00	11,080	23,593
April 21, 2017	ESOP 2011	April 21, 2022	565.05	7,950	9,225
August 10, 2017	ESOP 2011	August 10, 2022	508.85	2,500	5,000

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, 2020)	Remaining life (months)	Share options (March 31, 2019)
November 6, 2015	ESOP 2008	November 6, 2019	-	-	7	31,440
April 21, 2017	ESOP 2008	April 21, 2021	12	2,500	24	6,016
August 10, 2017	ESOP 2008	August 10, 2021	16	5,000	28	5,000
August 5, 2019	ESOP 2011	August 5, 2023	39	30,000	-	-
July 2, 2014	ESOP 2011	July 2, 2019	-	-	3	4,683
September 29, 2014	ESOP 2011	September 29, 2019	-	-	6	875
November 6, 2015	ESOP 2011	November 6, 2020	7	11,080	19	23,593
April 21, 2017	ESOP 2011	April 21, 2022	24	7,950	36	9,225
August 10, 2017	ESOP 2011	August 10, 2022	28	2,500	40	5,000

(i) Fair value of options granted

The fair value of options granted during the year ended March 31, 2020 is Rs.177.36 (March 31, 2019 Nil). 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	August 5, 2019	177.36

The model inputs for options granted during the year ended March 31, 2020 included:

	ESOP 2008 scheme		ESOP 2011 scheme	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
i) Exercise price	592.05	-	-	-
ii) Grant date	August 5, 2019	-	-	-
iii) Expiry date	August 5, 2023	-	-	-
iv) Share price at grant date	595.00	-	-	-
v) Expected price volatility	33.09%	-	-	-
vi) Expected dividend yield	0.38%	-	-	-
vii) Risk free interest rate	6.01%	-	-	-

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.

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

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

Particulars	March 31, 2020	March 31, 2019
Employee share based payment expenses	15.85	3.65
Employee share based payment Income	(36.43)	(15.99)
Total	(20.58)	(12.34)