

## **Mindteck (India) Limited**

### **Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014**

SEBI vide its notification dated October 28, 2014 had issued the Securities and Exchange Board of India (Share-based Employee Benefits) Regulations, 2014 ('SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999. The Disclosure pursuant to above referred SEBI Regulations by Board of Directors of the Mindteck (India) Limited ('Company') is as under:

Company has following three Employees Stock Options Schemes for issue to its eligible employees:

1. Mindteck ESOP Scheme 2005
2. Mindteck ESOP Scheme 2008
3. Mindteck ESOP Scheme 2014

#### **The detailed note on ESOP Schemes is as follows:**

**Mindteck ESOP Scheme 2005:** The Board of Directors recommended the Mindteck ESOP Scheme 2005, which provided for the grant of ESOP's to eligible employees of the Company, to the shareholders on July 04, 2005 and the shareholders approved the ESOP Scheme 2005 in their Annual General Meeting held on July 29, 2005. The Nomination and Remuneration Committee along with Board of Directors has been authorized to introduce, offer, issue and allot ESOP's to eligible employees of the Company and its subsidiaries under this scheme. The maximum number of shares under this scheme shall not exceed 500,000 equity shares. These options will vest over a period of 3 years and the vested shares under this Scheme, shall lapse after 5 years from the date of vesting. The exercise price of the options shall be the fair market value i.e.; latest available closing price of the shares of the Company, prior to the date of grant of options, as reported on the Stock exchange on which the company's shares are listed.

**Mindteck ESOP Scheme 2008:** The Board of Directors recommended the Mindteck ESOP Scheme 2008, which provided for the grant of ESOP's to eligible employees of the Company, to the shareholders on May 27, 2008 and the shareholders approved the ESOP Scheme 2008 in their Annual General Meeting held on July 30, 2008. The Nomination and Remuneration Committee along with Board of Directors has been authorized to introduce, offer, issue and allot ESOP's to eligible employees of the Company and its subsidiaries under this scheme. The maximum number of shares under this scheme shall not exceed 1,200,000 equity shares. These options will vest over a period of 3 years and the vested shares under this Scheme shall lapse after 5 years from the date of vesting. The exercise price of the options shall be the fair market value i.e.; latest available closing price of the shares of the Company, prior to the date of grant of options, as reported on the Stock exchange on which the company's shares are listed.

**Mindteck ESOP Scheme 2014:** The Board of Directors recommended the Mindteck ESOP Scheme 2014, which provided for the grant of ESOP's to eligible employees of the Company, to the shareholders on May 29, 2014 and the shareholders approved the ESOP Scheme 2014 in their Annual General Meeting held on August 14, 2014. The Nomination and Remuneration Committee along with Board of Directors has been authorized to introduce, offer, issue and allot ESOP's to eligible employees of the Company and its subsidiaries under this scheme. The maximum number of shares under this scheme shall not exceed 2,500,000 equity shares. These options will vest over a period of 3 years and the vested shares under this Scheme shall lapse after 5 years a period as decided by Nomination and Remuneration Committee. The exercise price of the options shall be the fair market value i.e.; latest available closing price of the shares of the Company, prior to the date of grant of options, as reported on the Stock exchange on which the company's shares are listed.

**The Disclosures pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are detailed under:**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Status of compliance</b>
1	The Board of Directors in their report shall disclose any material change in the scheme(s) and whether the scheme(s) is / are in compliance with the regulations.	<b>Yes - Refer to the Para 31 of Board's Report of the Annual Report</b>
2	Further, the following details, <i>inter alia</i> , shall be disclosed on the company's website and a web-link thereto shall be provided in the report of board of directors.	<b>Web link is provided in the Board's Report.</b>
A	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	<b>Yes - Disclosed in Notes to Accounts - Note 3.1.1 to Standalone Financials 2015-16.</b>
B	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time	<b>Yes - Disclosed in the Standalone Financials Statement of Profit and loss 2015 -16.</b>
C	<b>Details related to ESOS</b>	
(i)	<p>A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including</p> <p><b>Mindteck ESOP Scheme 2005</b></p> <p>(a) Date of shareholders' approval</p> <p>(b) Total number of options approved under ESOS</p>	<p><b>As detailed above</b></p> <p><b>July 29, 2005</b></p> <p><b>500,000</b></p>

	<p>(C) Vesting requirements</p> <p>(d) Exercise price or pricing formula</p> <p>(e) Maximum term of options granted</p> <p>(f) Source of shares (primary, secondary or combination)</p> <p>(g) Variation in terms of options</p> <p><b>Mindteck ESOP Scheme 2008</b></p> <p>(a) Date of shareholders' approval</p> <p>(b) Total number of options approved under ESOS</p> <p>(c) Vesting requirements</p> <p>(d) Exercise price or pricing formula</p> <p>(e) Maximum term of options granted</p> <p>(f) Source of shares (primary, secondary or combination)</p> <p>(g) Variation in terms of options</p>	<p><b>Vesting of the options will commence after the expiry of a period of 12 months from the date of grant. The Maximum period of exercising is 5 years from the date of vesting</b></p> <p><b>Fair Market value</b></p> <p><b>5 years from the vesting period.</b></p> <p><b>Primary shares</b></p> <p><b>Not applicable</b></p> <p><b>July 30, 2008</b></p> <p><b>1,200,000</b></p> <p><b>Vesting of the options will commence after the expiry of a period of 12 months from the date of grant. The Maximum period of exercising is 5 years from the date of vesting</b></p> <p><b>Fair Market value</b></p> <p><b>5 years from the vesting date.</b></p> <p><b>Primary shares</b></p> <p><b>Not Applicable</b></p>
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	<b>Mindteck ESOP Scheme 2014</b>	
	(a) Date of shareholders' approval	<b>August 14, 2014</b>
	(b) Total number of options approved under ESOS	<b>2,500,000</b>
	(c) Vesting requirements	<b>Vesting of the options will commence after the expiry of a period of 12 months from the date of grant. The Maximum period of vesting shall be decided by Nomination and Remuneration Committee.</b>
	(d) Exercise price or pricing formula	<b>Fair Market value</b>
	(e) Maximum term of options granted	<b>5 years from the vesting date.</b>
	(f) Source of shares (primary, secondary or combination)	<b>Primary shares</b>
	(g) Variation in terms of options	<b>Not Applicable</b>
(ii)	Method used to account for ESOS - Intrinsic or fair value.	<b>Intrinsic Value</b>
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	<b>Details provided in Annexure I</b>
(iv)	<b>Option movement during the year (For each ESOS):</b>	
	<b>Mindteck ESOP Scheme 2005</b>	
	Number of options outstanding at the beginning of the period	<b>219,700</b>
	Number of options granted during the year	<b>157,800</b>
	Number of options forfeited / lapsed during the year	<b>50,100</b>
	Number of options vested during the year	<b>47,500</b>

	Number of options exercised during the year	<b>44,900</b>
	Number of shares arising as a result of exercise of options	<b>44,900</b>
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	<b>Rs. 1,078,525</b>
	Loan repaid by the Trust during the year from exercise price received	<b>N.A.</b>
	Number of options outstanding at the end of the year	<b>282,500</b>
	Number of options exercisable at the end of the year	<b>82,700</b>
	<b>Mindteck ESOP Scheme 2008</b>	
	Number of options outstanding at the beginning of the period	<b>569,250</b>
	Number of options granted during the year	<b>10,500</b>
	Number of options forfeited / lapsed during the year	<b>31,834</b>
	Number of options vested during the year	<b>176,417</b>
	Number of options exercised during the year	<b>65,230</b>
	Number of shares arising as a result of exercise of options	<b>65,230</b>
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	<b>Rs. 2,844,028</b>
	Loan repaid by the Trust during the year from exercise price received	<b>N.A.</b>
	Number of options outstanding at the end of the year	<b>482,686</b>
	Number of options exercisable at the end of the year	<b>115,353</b>
	<b>Mindteck ESOP Scheme 2014</b>	<b>All information is NIL ,since no options are granted till date</b>

v	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	<b>Details provided in Annexure I</b>
vi	<p>Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -</p> <p>(a) senior managerial personnel;</p> <p>(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and</p> <p>(c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the</p>	<p><b>(a) Mr. Avneet Gupta, Chief Operating Officer-30,000 options</b>  <b>Mr. Yatendra Kumar Gupta, Regional Vice President, US West-10,200 options</b></p> <p><b>(b) NIL</b></p> <p><b>(c) NIL</b></p>
vii	<p>A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:</p> <p>(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;</p> <p>(b) the method used and the assumptions made to incorporate the effects of expected early exercise;</p> <p>(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and</p> <p>(d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.</p>	<b>Details provided as Annexure 1</b>

## Annexure 1

The activity in the Mindteck ESOP Scheme 2005, 2008 and 2014 during the years ended March 31, 2016 and March 31, 2015 is as follows:

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares arising out of options	Weighted average exercise price (Rs)	Shares arising out of options	Weighted average exercise price (Rs)
<b>Mindteck ESOP Scheme 2005:</b>				
Outstanding at the beginning	<b>219,700</b>	<b>36.79</b>	<b>214,000</b>	<b>17.20</b>
Granted	<b>157,800</b>	<b>89.29</b>	<b>156,900</b>	<b>50.19</b>
Forfeited and expired	<b>50,100</b>	<b>58.77</b>	<b>68,300</b>	<b>28.88</b>
Exercised	<b>44,900</b>	<b>24.20</b>	<b>82,900</b>	<b>18.11</b>
Outstanding at the end	<b>282,500</b>	<b>63.17</b>	<b>219,700</b>	<b>36.79</b>
Exercisable at the end	<b>82,700</b>	<b>35.22</b>	<b>66,300</b>	<b>17.71</b>
<b>Mindteck ESOP Scheme 2008:</b>				
Outstanding at the beginning	<b>569,250</b>	<b>38.94</b>	-	-
Granted	<b>10,500</b>	<b>130.80</b>	<b>611,750</b>	<b>39.27</b>
Forfeited and expired	<b>31,834</b>	<b>46.34</b>	<b>42,500</b>	<b>43.60</b>
Exercised	<b>65,230</b>	<b>43.60</b>	-	-
Outstanding at the end	<b>482,686</b>	<b>39.83</b>	<b>569,250</b>	<b>38.94</b>
Exercisable at the end	<b>115,353</b>	<b>35.94</b>	-	-
<b>Mindteck ESOP Scheme 2014:</b>				
Outstanding at the beginning	-	-	-	-
Granted	-	-	-	-
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	-	-	-	-
Exercisable at the end	-	-	-	-

The weighted average share price of options exercised under Mindteck ESOP Scheme 2005, Mindteck ESOP Scheme 2008 and Mindteck ESOP Scheme 2014 on the date of exercise was **Rs. 24.02, Rs. 43.60 and NIL respectively**. The weighted average for remaining contractual life of ESOP's outstanding as of March 31, 2016 and March 31, 2015 under Mindteck ESOP Scheme 2005, Mindteck ESOP Scheme 2008 and Mindteck ESOP Scheme 2014 was **5.37 years, 6.24 years and NIL years**.

The differential on stock compensation expense if the fair value of the ESOP's on the date of the grant were considered instead of the 'intrinsic value' is less than Rs. 1 crore for each of the years ended March 31, 2016 and March 31, 2015. Consequently, there is no impact on earnings per share. The fair value for the above impact analysis is estimated on the date of grant using the Black-Scholes-Merton model with the **following assumptions**:

Particulars Mindteck ESOP 2005	Options granted during fiscal	
	2016	2015
Grant dates	29 May, 2015 10 Aug, 2015 13 Nov, 2015 12 Feb, 2016	29 May, 2014 13 Aug, 2014 07 Nov, 2014 06 Feb, 2015
Weighted average share price (Rs)	89.29	50.19
Exercise prices (Rs)	79.95 81.00 130.80 81.60	37.30 43.60 81.45 59.55
Expected volatility (%)	40%-100%	40%-100%
Expected life of the option (years)	1-4	1-4
Expected dividends (%)	5%-10%	5%-10%
Risk-free interest rate (%)	7%-9.5%	7%-9.5%
Weighted average fair value as on grant date (Rs.)	26.10	14.81

Particulars Mindteck ESOP 2008	Options granted during fiscal	
	2016	2015
Grant date	30 Nov, 2015	04 Apr, 2014
Weighted average share price (Rs)	130.80	39.27
Exercise price (Rs)	130.80	30.35
Expected volatility (%)	40%-100%	40%-100%
Expected life of the option (years)	1-4	1-4
Expected dividends (%)	5%-10%	5%-10%
Risk-free interest rate (%)	7%-9.5%	7%-9.5%
Weighted average fair value as on grant date (Rs.)	14.21	14.20



Particulars Mindteck ESOP 2014	Options granted during fiscal	
	2016	2015
Grant date	-	-
Weighted average share price (Rs)	-	-
Exercise price (Rs)	-	-
Expected volatility (%)	-	-
Expected life of the option (years)	-	-
Expected dividends (%)	-	-
Risk-free interest rate (%)	-	-
Weighted average fair value as on grant date (Rs.)	-	-

The expected term of an ESOP is estimated based on the vesting term and contractual term of the ESOP, as well as expected exercise behavior of the employee who receives the ESOP. Expected volatility during the expected term of the ESOP is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during a period equivalent to the expected term of the ESOP. During the year ended March 31, 2016, the Company recorded an employee compensation expense of Rs 729,474 in the Statement of Profit and Loss (Rs 2,147,765 during the year ended March 31, 2015)

**D. Details related to ESPS – There is no Scheme relating to ESPS.**

**E. Details related to SAR - There is no Scheme relating to SAR.**

**F. Details related to GEBS/RBS - There is no Scheme relating to GEBS/RBS.**

**G. Details related to Trust**

**(i) General information on schemes**

Sl. No.	Particulars	
1	Name of the Trust	<b>Mindteck Employees Welfare Trust</b>
2	Details of the Trustee(s)	<b>Mr. Satheesh Sreedharan Mr. Surjit Lahiri Mr. Ramachandra Sharma</b>
3	Amount of loan disbursed by company/any company in the group, during the year	<b>NIL</b>
4	Amount of loan outstanding (repayable to company/any company in the group) as at the end of the year	<b>Rs. 40,113,982</b>
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	<b>NIL</b>
6	Any other contribution made to the Trust during the year	<b>NIL</b>

**(ii) Brief details of transactions in shares by the Trust**

(a) Number of shares held at the beginning of the year- **416,000**

(b) Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share - **NIL**

(c) Number of shares transferred to the employees/sold along with the purpose thereof - **NIL**

(d) Number of shares held at the end of the year – **416,000(a +b-c)**

**(iii) In case of secondary acquisition of shares by the Trust – NIL**

<b>Number of shares</b>	<b>As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained</b>
Held at the beginning of the year	<b>NIL</b>
Acquired during the year	
Sold during the year	
Transferred to the employees during the year	
Held at the end of the year	

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