

**Disclosure pursuant to Regulation 14 of Securities  
and Exchange Board of India (Share Based Employee  
Benefits) Regulations 2014 as on March 31, 2019**

**Firstsource Solutions Employee Stock Option Scheme 2002  
(‘Scheme 2002’):**

In September 2002, the Board of the Company had approved the Firstsource Solutions Employee Stock Option Scheme 2002 (“the Scheme”), which covers the employees and directors of the Company including its holding Company and subsidiaries. The Scheme was administered and supervised by the members of Nomination & Remuneration Committee (then called the Compensation cum Board Governance Committee) (the ‘Committee’). The Scheme 2002 was revoked during the FY2015-16 as all the options granted under it had been vested and exercised and remaining options had been cancelled. There was no activity under the Scheme 2002 during that year.

**Firstsource Solutions Employee stock option Scheme 2003  
(‘Scheme 2003’):**

In September 2003, the Board and the members of the Company had approved the Firstsource Solutions Employees Stock Option Scheme 2003 (‘Scheme 2003’) effective September 03, 2003.

The Scheme 2003 was further modified at the Annual General Meeting held on August 14, 2007, November 22, 2011 and September 16, 2010. During the FY2016-17 there was no material change in the Scheme.

The Company amended the said Scheme 2003 in lines with new SEBI (Share Based Employee Benefits) Regulations 2014 in the FY2015-16.

The disclosures in pursuance of ESOP Regulations are as under:

**A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share- based payments' issued by**

**Institute of Chartered Accountants of India (“ICAI”) or any other relevant accounting standards as prescribed from time to time.**

The disclosures are provided in Note 24 of the Notes to Standalone Financial Statements of the Company for the year ended March 31, 2019.

**B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.**

Rs. 2.87 (Standalone) Rs. 5.45 (Consolidated)

**C. Details related Firstsource Solutions Employee Stock Option Scheme 2003 (“ESOS 2003”):**

i.	<b>A description of each ESOS that existed at any time during the year, including the: general terms and conditions of each ESOS, including -</b>	
a)	Date of shareholders’ approval	This Firstsource Solutions Employee Stock Option Scheme 2003 was approved by the shareholders of Firstsource Solutions Limited, at their meeting held on September 03, 2003 and were further modified at the AGM held on August 14, 2007, November 22, 2011 and September 16, 2010.
b)	Total number of options approved under ESOS	103,292,375 (net of stock options cancelled, lapsed and forfeited)

c) Vesting requirements

"Vesting Period" means the period of four years commencing from the date of Grant of Options to Eligible Employee, during which the vesting of the Options granted to Eligible Employee, in pursuance of ESOS 2003, takes place.

<b>Period within which options will vest unto the participant</b>	<b>% of Options which shall vest unto the Option Grantee</b>
End of 12 months from the date of grant of options	25.0
End of 18 months from the date of grant of options	12.5
End of 24 months from the date of grant of options	12.5
End of 30 months from the date of grant of options	12.5
End of 36 months from the date of grant of options	12.5
End of 42 months from the date of grant of options	12.5

		End of 48 months from the date of grant of options	12.5
d)	Exercise price or pricing formula	<p>The 'Exercise price' or 'Pricing formula' for the purpose of the grant of Options shall be the 'market price' within the meaning set out in the SEBI (Share Based Employee Benefits) Regulations 2014 i.e., the latest available closing price, prior to the date when options are granted/ shares are issued, on that Stock Exchange where there is highest trading volume on the said date. The Nomination &amp; Remuneration Committee has the power to change/ modify the exercise price or pricing formula and fix the exercise price at such discount to the market price of the equity shares as may be deemed appropriate provided that the grant/ exercise price shall not be below the face value of the shares and shall be in accordance with the applicable laws in this regard.</p>	

e)	Maximum term of options granted	The participants shall exercise the options within a period of ten years from the date of the grant of the options. If the Option Grantee's employment is terminated due to death, retirement (including pursuant to any early/ voluntary retirement scheme), permanent disability, involuntary termination not for cause), and/or upon a Change of Control of the Company, the vested Options, to the extent un-exercised by such Option Grantee, shall be exercised upon payment of Exercise Price in full by such Option Grantee within a period of 12 months from the termination of such Option Grantee's service, which period shall be deemed to be the Exercise Period.
f)	Source of shares (primary, secondary or combination)	Primary
g)	Variation in terms of options	There are no variations in terms of options in FY2018-19
<b>ii.</b>	<b>Method used to account for ESOS: Intrinsic or fair value</b>	
<b>iii.</b>	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for the options granted under ESOS Scheme 2003. Please refer Note no. 24 of Standalone Financial Statement. <b>Where the company opts for expensing of the options using the intrinsic value of the</b>	

	<b>options -</b>	
a)	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	Please refer Note no. 24 of Standalone Financial Statement.
b)	Impact of this difference on profits and on EPS of the Company Profit after Tax Earning per share (Basic and diluted)	Please refer Note no. 24 of Standalone Financial Statement.
<b>iv.</b>	<b>Option movement during the year (For each ESOS): Particulars</b>	<b>Details (ESOS Scheme 2003)</b>
	Number of options outstanding at the beginning of the period	15,524,812
	Number of options granted during the year	2,500,000
	Number of options forfeited / lapsed during the year	740,970*
	Number of options vested during the year	31,30,891
	Number of options exercised during the year	4,542,211
	Number of shares arising as a result of exercise of options	4,542,211
	Money realized by exercise of options (INR), if scheme is implemented directly by the Company	Rs. 142,047,529.75

	Loan repaid by the Trust during the year from exercise price received		NA		
	Number of options outstanding at the end of the year		12,186,631		
	Number of options exercisable at the end of the year		6,594,373		
<b>v.</b>	<b>Weighted-average exercise prices and weighted-average fair values of options whose exercise price equals or exceeds or is less than the market price of the stock</b>				
	i) Weighted average exercise price – Rs. 31.27 per option. ii) Weighted average fair value as per the Black Scholes Model – Not Applicable				
<b>vi.</b>	<b>Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to –</b>				
	<b>Particulars</b>	<b>Name of Employee</b>	<b>Designation</b>	<b>Number of options granted during the year</b>	<b>Exercise Price</b>
a)	Senior Managerial Personnel	Other Senior Managerial Personnel*			
		Rajesh Subramaniam	Managing Director & CEO	500,000	73.00
		Dinesh Jain	President & Chief Financial Officer	162,500	73.00
		Erick Enderson	President & CEO, Sourcepoint INC. (previously known as ISGN Solutions INC.)	87,500	73.00

Sean Canning	President & Chief Operating Officer	50,000	73.00
Soma Pandey	EVP – Human Resources	100,000	73.00
Simon Carlton	EVP – Sales & Marketing (Payer)	25,000	73.00
Venkataraman K R	President & CEO Healthcare	150,000	73.00
Arjun Mitra	EVP Collections and US CM	87,500	73.00
Badrinath Bharadwaj	EVP - Finance & Accounts	57,500	73.00
Anne P Politis	EVP - Sales Engagement	25,000	73.00
Steven C Schachter	EVP - Head of Sales	25,000	73.00
Arun Tyagi	EVP Operational Excellence COE	75,000	73.00
K M Ponnappa	EVP Operations	25,000	73.00
Bhupendra Gupta	EVP - Global Head Robotics & Digital CoE	57,500	73.00
Simon Jeremy Carlton	EVP - Sales & Marketing (Payer)	25,000	73.00
Randall L Shafer	EVP Healthcare Provider	57,500	73.00
Paul Holland	EVP Business Development	25,000	73.00



\* Options granted to the employees who have resigned have not been considered

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	NIL																				
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 time of grant.	NIL																				
<b>vii. A description of the method and significant assumptions used during the yeare estimate the fair value of options including the following information:</b>																						
a)	<table border="1"> <thead> <tr> <th data-bbox="227 1354 714 1774"><b>Particulars</b></th> <th data-bbox="714 1354 1469 1774"><b>Tranche 2</b></th> <th data-bbox="714 1354 1469 1774"><b>Tranche 3</b></th> <th data-bbox="714 1354 1469 1774"><b>Tranche 4</b></th> <th data-bbox="714 1354 1469 1774"><b>Tranche 5</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="227 1774 714 1816">The weighted average values:</td> <td data-bbox="714 1774 1469 1816"></td> <td data-bbox="714 1774 1469 1816"></td> <td data-bbox="714 1774 1469 1816"></td> <td data-bbox="714 1774 1469 1816"></td> </tr> <tr> <td data-bbox="227 1816 714 1858">Share Price (Rs.)</td> <td data-bbox="714 1816 1469 1858">60.08</td> <td data-bbox="714 1816 1469 1858"></td> <td data-bbox="714 1816 1469 1858"></td> <td data-bbox="714 1816 1469 1858"></td> </tr> <tr> <td data-bbox="227 1858 714 1900">Exercise Price (Rs.)</td> <td data-bbox="714 1858 1469 1900">31.27</td> <td data-bbox="714 1858 1469 1900"></td> <td data-bbox="714 1858 1469 1900"></td> <td data-bbox="714 1858 1469 1900"></td> </tr> </tbody> </table>	<b>Particulars</b>	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Tranche 4</b>	<b>Tranche 5</b>	The weighted average values:					Share Price (Rs.)	60.08				Exercise Price (Rs.)	31.27				
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	Expected volatility	0% to 75%
	Expected option life	5.5-7 years
	Expected dividend yield	0%
	Risk-free interest rate	6.50% to 9.06%
	Any other input to the model	-
b)	The method used and the assumptions made to incorporate the effects of expected early exercise.	Black Scholes Model of fair valuation
c)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility.	The expected volatility was determined based on historical volatility data. Volatility has been considered for periods, corresponding to the respective expected lives of the different vests prior to the grant date. Daily volatility of the company's stock price on NSE over these years has been considered.
d)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Not applicable

viii.	Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.	Not applicable
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## D. Details related to Trust - Not Applicable

### i. General information:

<b>Sr. No</b>	<b>Particulars</b>	<b>Details</b>
...		
1.	Name of the Trust	Not Applicable
2.	Details of the Trustee(s)	Not Applicable
3.	Amount of loan disbursed by Company/ any company in the group, during the year.	Not Applicable
4.	Amount of loan outstanding (Repayable to Company/any company in the group) as at the end of the year.	Not Applicable
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.	Not Applicable
6.	Any other contribution made to the Trust during the year.	Not Applicable

**ii. Brief details of transactions in shares by the Trust - Not Applicable**

a) Number of shares held at the beginning of the year.	Not Applicable
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.	Not Applicable
year, along with information on weighted average cost of acquisition per share	Not Applicable
c) Number of shares transferred to the employees/ sold along with the purpose thereof	Not Applicable
d) Number of shares held at the end of the year	Not Applicable

**iii. In case of secondary acquisition of shares by the Trust – Not Applicable**

<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	Not Applicable
Acquired during the year	Not Applicable
Sold during the year	Not Applicable
Transferred to the employees during the year	Not Applicable
Held at the end of the year	Not Applicable