

SQS India BFSI Limited ('the Company') had in 2011 formulated Employees' Stock Option Scheme ('the ESOP Scheme') which provided for the grant of Employees Stock Options ('ESOP Options') to eligible employees of the Company after obtaining approval from the shareholders of the Company.

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

- A.** Relevant disclosures in terms of the Ind AS 102 Equity Settled Accounting for share based payments transactions issued by The Institute of Chartered Accountants of India ('ICAI') or any other relevant accounting standards as prescribed from time to time:

For details please refer to notes to Standalone Financial Statements mentioned in the Annual Report 2017-18.

- B.** Had compensation been determined under the fair value in accordance with Ind AS 102 Equity Settled Accounting for share based payments transactions issued by ICAI, the Company's net profit and basic and diluted earnings per share would have reduced to the pro-forma amounts as indicated:

Rs. in Millions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net profit as reported	279.30	217.67
Add: Stock-based employee compensation expense (intrinsic value method)	NIL	NIL
Less: Stock-based employee compensation expense (fair value method)	NIL	NIL
Pro-forma net profit	279.30	217.67
Basic earnings per share as reported	26.19	20.98
Pro-forma basic earnings per share	26.19	20.98
Diluted earnings per share as reported	26.19	20.92
Pro-forma diluted earnings per share	26.19	20.92

C. Details related to ESOS:

1. Description of each ESOS that existed at any time during the year

S. No.	Nature of Disclosure	Status of Compliance
a	Date of shareholders' approval	Original Scheme was approved on July 29, 2011 and subsequently the scheme was amended on July 25, 2012 vide shareholders' approval.
b	Total number of options approved under ESOS	10,05,100 (Ten Lakh Five Thousand one hundred)
c	Vesting requirements	There shall be minimum lock-in period of one year between the date of grant of options and date of vesting of options and the options shall vest as follows: a) At the end of one year from the date of grant – 40% of total grant; b) At the end of second year from the date of grant – 30% of total grant; c) At the end of third year from the date of grant – 30% of total grant.
d	Exercise price or pricing formula	The Exercise Price shall be market price on the date of grant or such price as the Board of Directors may determine in accordance with the regulations and guidelines prescribed by SEBI or other relevant authority from time to time.
e	Maximum term of options granted	5 years from the date of vesting of options.
f	Source of shares (primary, secondary or combination)	Primary
g	Variation in terms of options	The ESOP Scheme was extended to the employees of Subsidiary Companies on the same terms which was approved by the Members of the Company at the 14 th Annual General Meeting held on July 25, 2012.

2. Method used to account for ESOS - Intrinsic value-based method of accounting
3. 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.

Briefed in Clause B above.

4. Option movement during the financial year 2017-18:

S. No	Particulars	Details	
		24 th October, 2011	25 th October, 2012
a	Number of options outstanding at the beginning of the period	Nil	33,500
b	Number of options granted during the year	Nil	Nil
c	Total Number of options forfeited / lapsed during the year	19,200	68,500
d	Number of options vested during the year	Nil	Nil
e	Number of options exercised during the year	Nil	30,500
f	Number of shares arising as a result of exercise of options	319,800	339,000
g	Money realised by exercise of options (INR), if scheme is implemented directly by the company	Nil	3,498,350
h	Loan repaid by the Trust during the year from exercise price received	Not applicable	
i	Number of options outstanding at the end of the year	Nil	3,000
j	Number of options exercisable at the end of the year	Nil	3,000

5. 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:

Weighted-average exercise prices : Rs. 114.70

Weighted-average fair values : Rs. 52.35

6. Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to –
- a) Senior managerial personnel;
 - 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
 - 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.

Not Applicable. Since, no options were granted during the year 2017-18.

7. A description of the method and significant assumptions used during the year 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;
 - b) The method used and the assumptions made to incorporate the effects of expected early exercise;
 - c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
 - 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. Since, no options were granted during the year 2017-18.