

DISCLOSURE UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Stock Options/ Restricted Stock Units (RSUs) granted to employees of Mphasis Limited & its subsidiaries:

Particulars	ESOP 1998		ESOP 2016	RSU 2014	RSU 2015
	Version I	Version II			
Date of Shareholders' Approval	31 July 1998		4 Nov 16	30 July 2014	9 Sep 2015
Total Number of Stock Options/Restricted Stock Units approved under the Plan	465,000 ^{Note 1}		8,400,000	550,000	2,500,000
Vesting Requirements	Time based vesting			Time and Performance based vesting	
Maximum term of Stock Options/Restricted Stock Units granted (refers to Exercise Period)	Until exercise	10 years	5 years	3 years	3 years
Source of shares (Primary, Secondary or Combination) (Combination involves primary market issuance as well as transfer of shares acquired from secondary market to the extent such shares have been acquired).	Primary	Primary	Primary	Combination	Combination
Variation in terms of options	Refer table below				
Pricing formula	Refer table below ^{Note 4}				
Total number of Stock Options/Restricted Stock Units outstanding at the beginning of the year (1 April 2019)	47,000	-	4,675,716	5,313	37,086
Number of Stock Options/Restricted Stock Units granted during the year	-	-	186,500	-	-
Number of Stock Options/Restricted Stock Units lapsed and forfeited during the year	-	-	266,336	3,350	9,250
No. of Stock Options/RSUs vested during the year (net of lapsed options)	-	-	900,942	-	-
No. of Stock Options/RSUs exercised during the year	-	-	286,969	1,963	27,836
Total number of shares arising as a result of exercise of Options	-	-	286,969	1,963	27,836
Money realized by exercise of options during the year (In Rupees)	-	-	151,102,700	19,630	278,360
Number of Stock Options/Restricted Stock Units outstanding as at the end of the year (31 March 2020)	47,000	-	4,308,911	-	-
Total number of options exercisable at the end of the year	47,000	-	1,972,913	-	-
Loan repaid by the Trust during the year from the exercise price received	-	-	-	-	-
Employee wise details of Options granted to					
(a) Senior Managerial Personnel refer ^{note 2}	-	-	40,000	-	-
(b) Other Employees, who were granted, during any one year, options amounting to 5% or more of options granted during the year. ^{Refer Note 5}	-	-	132,500 (refer note below for details)	-	-
(c) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (exceeding outstanding warrants and conversion) of the company at the time of grant.	-	-	-	-	-
Valuation of Stock Options and their related impact on Profits and EPS	The Company computes Employee Compensation Cost using the fair value method of accounting except for Employee Stock Option 1998 Plan (ESOP 1998 Plan) wherein the Employee Compensation Cost is computed based on intrinsic value method. The differential value in Nil for the year ended 31 March 2020 if the fair value of the ESOPs were considered for ESOP 1998 Plan instead of the intrinsic value. Consequently, there is no impact on the Profits and Earnings Per Share (EPS) of the Company.				
Weighted Average exercise price and weighted average fair value of options, whose exercise price either equals or exceeds or is less than the market price (₹) during the year	Refer to the additional disclosures given below ^{Note 7}				

Notes:

- Refers to Options as approved by shareholders and accordingly excludes the adjustment for Bonus Issues.
- The term senior managerial personnel include officers and personnel considered as senior management as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The diluted EPS of Mphasis Group for the financial year ended 31 March 2020, pursuant to issue of shares on exercise of options, is ₹ 63.09 per share.
- Pricing Formulae for the stock options/RSU schemes

Schemes	Pricing Formulae
ESOP 1998 (version I)	No options have been granted under this Scheme during the financial year 2019-20. Earlier, under this plan the options were granted at a strike price of ₹ 275 per share. The price of ₹ 275 was arrived at based on SEBI Guidelines on Pricing for Preferential Allotment.
ESOP 1998 (version II)	No options have been granted under this Scheme during the financial year 2019-20. Earlier, for employees in service as on 10 January 2000, the market price prevalent on the 15 th day from the Board Meeting held on 10 January 2000 i.e. ₹ 795 per share and for all the recruits thereafter, market price prevalent on the date of joining, unless the ESOP Committee decides otherwise, was taken as the grant price. For options granted from September 2003, the grant price was calculated as per sub clause 10 of clause 2.1 of the amendment to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, dated 30 June 2003, which was the average of the two weeks high and low price of share preceding the date of grant of option on the stock exchange on which the shares of the Company are listed.
RSU 2014	No RSUs have been granted under this Scheme during the financial year 2019-20. In terms of the scheme each of the Restricted stock units granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10 per share.
RSU 2015	No RSUs have been granted under this Scheme during the financial year 2019-20. In terms of the scheme each of the Restricted stock units granted, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10 per share.
ESOP 2016	During the year, 40,000 stock options have been granted at an exercise price of ₹ 900 per stock option and 146,500 stock options have been granted at an exercise of ₹ 850/- per stock option under this Plan. Each stock option entitles the holder thereof with an option to apply for and be issued one equity share of the Company. As per the ESOP 2016 Plan, the stock options are granted at the Market Price* subject to a discount up to twenty per cent (20%) as may be determined by the Compensation Committee at the time of Grant.

* The present Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 defines 'Market Price' as the "latest available closing price on a recognized stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date."

5. It is proposed to amend the Employee Stock Option Plan 2016 (ESOP 2016) to increase the exercise period of stock options from 36 months to 60 months and also provide for acceleration of unvested stock options upon retirement/superannuation of the Employee, subject to approval of the Compensation Committee. Necessary resolutions seeking approval of the members for the above amendments to the ESOP 2016, are being placed at the ensuing Annual General Meeting.

6. Details of Employees who received grant of options equivalent to 5% or more of the total options granted during the year ended 31 March 2020

Name	Designation	Number of options granted	Exercise Price (₹)
Senior Managerial Personnel			
Mr. Ravi Vasantryaj	SVP and Global Head – Business Process Services	40,000	900
Other Employees who were granted 5% or more of options granted during the year			
Mr. Andres Ricaurte	Senior Vice-President (Sales), DCMU	24,000	850
Mr. Christopher Cory Schmeisser	Vice-President, ITO- HPCORE	13,500	850
Mr. Kolanchery Varghese Renjeev	Senior Vice-President, APPS	21,000	850
Mr. Krishna Srinivasan	Senior Vice-President (Sales), DCMU	10,000	850
Mr. Rajiv Kumar Naranjandass Malhotra	Senior Vice-President (Sales), DCMU	24,000	850

7. ADDITIONAL DISCLOSURES

1) Weighted average exercise price and weighted average fair value of options:

(₹ million)

Plan	Weighted Average Exercise Price (₹)	Weighted Average Fair Value (₹)
ESOP 1998 Version I	-	-
ESOP 1998 Version II	-	-
RSU 2014	10	356.47
RSU 2015	10	435.09
ESOP 2016	526.55	123.72

Note: Stock Options issued under ESOP 1998 were not exercised during the financial year ended 31 March 2020. Accordingly, the Weighted Average Exercise Price and the Weighted Average Fair Value has not been provided.

2) Method and significant assumptions:

Your Company has adopted the Black Scholes option pricing model to determine the fair value of stock options with the following significant assumptions:

Sl. No.	Particulars	Assumptions										
1	Risk free interest rate	6.37% to 6.93%										
2	Expected Option life	1 to 5 years										
3	Expected volatility	23.46% to 31.31%										
4	Expected dividend yield %	1.68% to 2.93%										
5	Market price on date of grant (weighted average value of shares) (₹)	<table border="1"> <tr> <td>ESOP 1998 Version I</td> <td>-</td> </tr> <tr> <td>ESOP 1998 Version II</td> <td>-</td> </tr> <tr> <td>RSU 2014</td> <td>399.15</td> </tr> <tr> <td>RSU 2015</td> <td>479.75</td> </tr> <tr> <td>ESOP 2016</td> <td>584.38</td> </tr> </table>	ESOP 1998 Version I	-	ESOP 1998 Version II	-	RSU 2014	399.15	RSU 2015	479.75	ESOP 2016	584.38
ESOP 1998 Version I	-											
ESOP 1998 Version II	-											
RSU 2014	399.15											
RSU 2015	479.75											
ESOP 2016	584.38											
6	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	NA										
7	How expected volatility was determined, and explanation of the extent to which expected volatility was based on historical volatility.	Volatility based on daily closing price for last 12 months from the date of Grant										

Note: Stock Options issued under ESOP 1998 were not exercised during the financial year ended 31 March 2020.

8. DETAILS RELATED TO TRUSTS

i. General Information on all Schemes:

Name of the Trust	Details of the Trustee(s)	Amount of Loan disbursed by the Company during the year	Amount of loan outstanding (repayable to Company) as at the end of the year	Amount of loan, if any, taken from any other source for which company/any company in the group has provided any security or guarantee	Any other contribution made to the Trust during the year
Mphasis Employees Equity Reward Trust	Ms. Saraswathy Srikanth Mr. Kannan Sriraman Mr. K V Rama Kishore	Nil	Nil	Nil	Nil
Mphasis Employees Benefit Trust	Ms. Saraswathy Srikanth Mr. Kannan Sriraman Mr. K V Rama Kishore	Nil	Nil	Nil	Nil

ii. Brief details of transactions in shares by the Trust

Description	Mphasis Employees Equity Reward Trust	Mphasis Employees Benefit Trust
Number of shares held as at 1 April 2019	2,520	Nil
Number of shares acquired during the year through		
a. Primary Issuance	286,969	29,799
b. Secondary acquisition	Nil	Nil
- % age of paid up share capital as at 31 March 2019	NA	NA
- Weighted Average cost of acquisition (₹)	NA	NA
Number of shares transferred to the employees against exercise of Stock Options/Restricted Stock Units	286,969	29,799
Number of shares sold along with the purpose thereof	Nil	Nil
Number of shares held at 31 March 2020	2,520	Nil

iii. Disclosures in case of secondary acquisition of shares by the Trust : NIL

For and on behalf of the Board of Directors

 New Delhi, India
 13 May 2020

Davinder Singh Brar
 Chairman