

DISCLOSURE UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

Particulars	ESOP 1998		ESOP 2004	ESOP 2016	RSU 2014	RSU 2015
	Version I	Version II				
Date of Shareholders' Approval	31 July 1998		12 May 2004	4 November 2016	30 July 2014	9 September 2015
Total Number of Stock Options/Restricted Stock Units approved under the Plan	465,000 ^{Note 1}		593,126 ^{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	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	Primary	Combination	Combination
Pricing formula	Refer table below ^{Note 4}					
Total number of Stock Options/Restricted Stock Units outstanding at the beginning of the year (2017-2018)	47,000	9,816	1,598	3,885,100	88,545	192,900
Number of Stock Options/Restricted Stock Units granted during the year	-	-	-	1,613,176	-	-
Number of options lapsed and forfeited during the year	-	6,616	1,598	485,610	-	5,000
Number of Stock Options/RSUs vested during the year	-	-	-	711,780	-	-
Number of Stock Options/RSUs exercised during the year	-	3,200	-	53,780	53,090	104,050
Total number of shares arising as a result of exercise of Options	-	3,200	-	53,780	53,090	104,050
Money realized by exercise of options during the year (in ₹)	-	274,016	-	26,890,000	530,900	192,900
Number of Stock Options/RSUs outstanding as at the end of the year	47,000	-	-	4,958,886	35,455	83,850
Total number of Stock Options/RSUs exercisable at the end of the year	47,000	-	-	658,000	35,455	83,850
Loan repaid by the Trust during the year from the exercise price received	NA	NA	NA	NA	-	-
Employee wise details of Options granted to				-		-
(a) Senior Managerial Personnel :						
- Mr. Nitin Rakesh Chief Executive Officer and Executive Director	-	-	-	254,000	-	-
- Mr. V. Suryanarayanan CFO	-	-	-	14,800	-	-
- Mr. Subramanian Narayan Company Secretary	-	-	-	3,870	-	-
(b) Employees, who were granted, during any one year, options amounting to 5% or more of options granted during the year:						
- Mr. Nitin Rakesh Chief Executive Officer and Executive Director	-	-	-	Grant to CEO as mentioned above	-	-
- Mr. Subramanian Sundaresan President – Global Delivery	-	-	-	118,108	-	-
- Mr. Elango R President – DXC & HP -SBU	-	-	-	87,500	-	-
- Mr. Dinesh Venugopal President - Direct-Core Business and Digital	-	-	-	81,700	-	-

Particulars	ESOP 1998		ESOP 2004	ESOP 2016	RSU 2014	RSU 2015
	Version I	Version II				
(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) and Employee Stock Option 2004 Plan (ESOP 2004 Plan) wherein the Employee Compensation Cost is computed based on intrinsic value method. The differential value is Nil for the year ended 31 March 2018 if the fair value of the ESOPs were considered for ESOP 1998 Plan and ESOP 2004 Plan instead of the intrinsic value. Consequently, there are no impacts on profits and Earnings Per Share (EPS).					
Weighted average exercise price and weighted average fair value of options during the year whose exercise price either equals or exceeds or is less than the market price (₹)	Refer to the additional disclosures given below ^{Note 5}					
A description of method and significant assumption used during the year to estimate the fair values of options.						

Notes:

- Refers to Options as approved by shareholders and accordingly excludes the adjustment for Bonus Issues.
- There has been no variation in the Employee Stock Option and Restricted Stock Units Plans of the Company during the year.
- The diluted EPS of Mphasis Group for the financial year ended 31 March 2018, pursuant to issue of shares on exercise of options, is ₹ 42.59 per share.
- Pricing Formulae for the stock option/RSU schemes:

Schemes	Pricing Formulae
ESOP 1998 (version I)	No options have been granted under this Scheme during the financial year 2017-18. 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 2017-18. Earlier, for employees in service as on 10 January 2000, the market price prevalent on the 15th 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.
ESOP 2004	No options have been granted under this Scheme during the financial year 2017-18. <u>Program A</u> The original exercise price is as per the original grant made by Msource Corporation while granting its options, converted at the exchange rate between USD and INR as on 12 May 2004 and as adjusted for the swap ratio of the Msource acquisition and the bonus shares issued by Mphasis Limited after 12 May 2004. <u>Program B</u> The Market Price as per the applicable guidelines prescribed by Securities Exchange Board of India (SEBI) from time to time.*
RSU 2014	No RSUs have been granted under this Scheme during the financial year 2017-18. In terms of the Plan 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 2017-18. In terms of the Plan 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	1,613,176 options have been granted during the year 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. During the year, the ESOP Compensation Committee had made grants of option at exercise prices ranging from ₹ 500 to ₹ 625 per option. In terms of the 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 ESOP Compensation Committee at the time of grant.

* The present Securities & 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. 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	86.63	67.48
ESOP 2004	-	-
RSU 2014	10	356.52
RSU 2015	10	452.14
ESOP 2016	500	87.37

Note: Stock Options issued under ESOP 1998 Version I and ESOP 2004 were not exercised during the financial year ended 31 March 2018. Accordingly, the Weighted Average Exercise Price and the Weighted Average Fair Value has not been provided.

2) Methods 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.	Assumption													
1	Risk free interest rate	5.78% to 8.20%												
2	Expected Option life	1 to 5 years												
3	Expected volatility	40.53% to 69.48%												
4	Expected dividend yield %	0.66% to 3.94%												
5	Market price on date of grant (weighted average value of shares) (₹)	<table border="1"> <tbody> <tr> <td>ESOP 1998 Version I</td> <td>-</td> </tr> <tr> <td>ESOP 1998 Version II</td> <td>343.10</td> </tr> <tr> <td>ESOP 2004</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>534.30</td> </tr> </tbody> </table>	ESOP 1998 Version I	-	ESOP 1998 Version II	343.10	ESOP 2004	-	RSU 2014	399.15	RSU 2015	479.75	ESOP 2016	534.30
ESOP 1998 Version I	-													
ESOP 1998 Version II	343.10													
ESOP 2004	-													
RSU 2014	399.15													
RSU 2015	479.75													
ESOP 2016	534.30													
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 the grant												

Note: Stock Options issued under ESOP 1998 Version I and ESOP 2004 Plans were not exercised during the financial year ended 31 March 2018.

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 the Company) as at the end of the year	Amount of loan, if any, taken from any other source for which the 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. Venkatesh Radhakrishnan	Nil	Nil	Nil	Nil
Mphasis Employees Benefit Trust	Ms. Saraswathy Srikanth Mr. Kannan Sriraman Mr. Venkatesh Radhakrishnan	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 2017	2,520	940
Number of shares acquired during the year through		
a. Primary Issuance	56,980	156,200
b. Secondary acquisition	Nil	Nil
- % age of paid up share capital as at 31 March 2017	NA	NA
- Weighted Average cost of acquisition (₹)	NA	NA
Number of shares transferred to the employees against exercise of Stock Options/Restricted Stock Units	56,980	157,140
Number of shares sold along with the purpose thereof	Nil	Nil
Number of shares held at 31 March 2018	2,520	Nil

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

Name of the Trust: MPHASIS EMPLOYEES BENEFIT TRUST

Description	Number of Shares	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 <small>(Refer Note)</small>
Held at the beginning of the year	940	0.00
Acquired during the year	-	-
Number of shares allotted during the year	156,200	0.00
Sold during the year	-	-
Transferred to the employees during the year	157,140	0.00
Held at the end of the year	-	-

Note: Capital considered as at 31 March 2015

For and on behalf of the Board of Directors

Bengaluru
10 May 2018

Davinder Singh Brar
Chairman