

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

The Securities and Exchange Board of India (SEBI), vide its notification dated October 28, 2014, had issued the Securities and Exchange Board of India (Share-based Employee Benefits) Regulations, 2014 ('the SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999.

Infosys Limited ('the Company') had a 2011 RSU Plan ('the 2011 Plan'), which provided for the grant of restricted stock units (RSUs) to eligible employees of the Company. The 2011 Plan was (as explained below) required to be amended and restated in accordance with the SEBI Regulations. Consequently, to effect this change and to further introduce stock options / ADRs and other stock incentives, the Company put forth the 2015 Stock Incentive Compensation Plan ('the 2015 Plan') for approval to the shareholders of the Company.

The 2015 Plan: Pursuant to the approval by the shareholders through a postal ballot which ended on March 31, 2016, the Board of Directors ('the Board') has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Plan. The maximum number of shares under the 2015 Plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which are currently held by the Infosys Limited Employees Welfare Trust ('the Trust') towards the 2011 Plan) as of March 31, 2016. 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price. These instruments will vest over a period of four years and the Company expects to grant the instruments under the 2015 Plan over a period of four to seven years.

The 2011 RSU Plan: The Board recommended the establishment of the 2011 Plan, which provided for the grant of RSUs to eligible employees of the Company, to the shareholders on August 30, 2011, and the shareholders approved the recommendation of the Board on October 17, 2011 through a postal ballot. The maximum aggregate number of shares that may be awarded under the 2011 Plan was 1,13,34,400, and the 2011 Plan was expected to continue in effect for a term of 10 years from the date of initial grant under the plan. During the year ended March 31, 2015, the Company made a grant of 1,08,268 RSUs (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board, in its meeting held on June 22, 2015, on the recommendation of the nomination and remuneration committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to the achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date. Further, the Company has earmarked 1,00,000 equity shares for employee welfare activities approved by the shareholders through the postal ballot which ended on March 31, 2016. The equity shares held under this plan as of March 31, 2016, i.e. 1,12,23,576 equity shares (this includes the aggregate number of equity shares that may be awarded under the 2011 Plan as reduced by 10,824 equity shares already exercised by Dr. Vishal Sikka and 1,00,000 equity shares which have been earmarked for welfare activities of the employees) have been subsumed under the 2015 Plan. Further, the award granted to Dr. Vishal Sikka on June 22, 2015 was modified by the nomination and remuneration committee on April 14, 2016. There is no modification or change in the total number of RSUs granted or the vesting period (which is four years). The modifications relate to the criteria of vesting for each of the years. Based on the modification, the first tranche of the RSUs will vest subject to the achievement of certain key performance indicators for the year ended March 31, 2016. Subsequent vesting of RSUs for each of the remaining years would be subject to continued employment.

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

Sl. No.	Particulars	Details
1	The board of directors in its report shall disclose any material change in the scheme(s) and whether the scheme(s) is / are in compliance with the regulations.	The scheme is in compliance with SEBI (Share Based Employee Benefits) Regulations 2014. Refer to page 24 and Notes to Accounts on page 142 of the Annual Report 2016-17
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 the board of directors.	
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.	Disclosed in Notes to Accounts – Note 2.12 to <i>Standalone Financials</i> for the year ended March 31, 2017, page 142 of the Annual Report. (Disclosures are provided in accordance with Ind AS 102, <i>Share-Based Payment</i>)

Sl. No.	Particulars	Details
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	Refer to pages 112 and 163 of the Annual Report for disclosure of Diluted EPS at standalone and consolidated levels. (Disclosures are provided in accordance with Ind AS 33, <i>Earnings Per Share</i>)
C	Details related to Employees Stock Option Scheme (ESOS) / RSU	
(i)	A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including	
	(a) Date of shareholders' approval	The 2015 Plan March 31, 2016
	(b) Total number of options approved under ESOS	The maximum number of shares under the 2015 Plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which are currently held by the Infosys Limited Employees Welfare Trust towards the 2011 Plan) as of March 31, 2016.
	(c) Vesting requirements	These instruments will vest over a period of four years
	(d) Exercise price or pricing formula	The exercise price for the RSUs will be equal to the par value of the shares and the exercise price of stock options would be market price as on the date of the grant.
	(e) Maximum term of options granted	Refer to Annexure 1 below
	(f) Source of shares (primary, secondary or combination)	Combination of primary and secondary
	(g) Variation in terms of options	Not applicable
(ii)	Method used to account for ESOS – Intrinsic or fair value.	Fair value
(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.	Not applicable
(iv)	Option movement during the year (For each ESOS/ RSU) :	
	Number of options outstanding at the beginning of the period	Refer to Annexure 1 below – the 2015 Plan
	Number of options granted during the year	
	Number of options forfeited / lapsed during the year	
	Number of options vested during the year	
	Number of options exercised during the year	
	Number of shares arising as a result of exercise of options	
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	
	Loan repaid by the Trust during the year from exercise price received	
	Number of options outstanding at the end of the year	
	Number of options exercisable at the end of the year	

Sl. No.	Particulars	Details
(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.	Refer to Annexure 1 below
(vi)	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.	Refer to Annexure 3 below
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information : 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; (a) the method used and the assumptions made to incorporate the effects of expected early exercise; (b) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and (c) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Refer to Annexure 1 below
D.	Details related to Employees Stock Purchase Scheme (ESPS) – Nil	
E.	Details related to Stock Appreciation Rights (SARs)	
(i)	(a) Date of shareholders' approval	The 2015 Plan March 31, 2016
	(b) Total number of shares approved under SAR scheme	Refer to above
	(c) Vesting requirements	These instruments will vest over a period of four years
	(d) SAR price or pricing formula	The exercise price will be equal to the par value of the shares or market price as on the date of the grant, as the case may be
	(e) Maximum term of SARs granted	Refer to Annexure 2 below
	(f) Method of settlement	Cash-settled
	(g) Source of shares (primary, secondary or combination)	Not applicable, cash-settled.
	(h) Variation in terms of options	Not applicable
(ii)	Method used to account for SARs – Intrinsic or fair value.	Fair value
(iii)	Where the company opts for expensing of SAR using the intrinsic value of SAR, 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 SAR, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not applicable

Sl. No.	Particulars	Details
(iv)	SAR movement during the year :	
	Number of SARs outstanding at the beginning of the period	Refer to Annexure 2 below
	Number of SARs granted during the year	
	Number of SARs forfeited / lapsed during the year	
	Number of SARs vested during the year	
	Number of SARs exercised during the year	
	Number of options outstanding at the end of the year	
	Number of options exercisable at the end of the year	
(v)	Employee wise details (name of employee, designation, number of SARs granted during the year, exercise price) of SARs granted to :	Refer to Annexure 2 below
	(a) senior managerial personnel;	
	(b) any other employee who receives a grant in any one year of amounting to 5% or more of SAR granted during that year; and	
	(c) identified employees who were granted SAR, 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.	
F.	Details related to General Employee Benefits Scheme (GEBS) / Retirement Benefit Scheme (RBS) – 1,00,000 equity shares have been earmarked for welfare activities of the employees.	
G.	Details related to Trust	
(i)	General information on schemes	
	Sl. No.	Particulars
	1	Name of the Trust
	2	Details of the Trustee(s)
	3	Amount of loan disbursed by company / any company in the group, during the year
	4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year
	5	Amount of loan, if any, taken from any other source for which
	6	Any other contribution made to the Trust during the year
(ii)	Brief details of transactions in shares by the Trust :	
	(a) Number of shares held at the beginning of the year – 1,12,23,576 ⁽¹⁾	
	(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 – 34,062 (these shares were transferred on exercise of RSUs)	
	(d) Number of shares held at the end of the year – 1,11,89,514 ⁽¹⁾ ((a + b) - c)	
	⁽¹⁾ Excludes 1,00,000 equity shares which have been earmarked for welfare activities of the employees	

Sl. No.	Particulars	Details
(iii)	In case of secondary acquisition of shares by the Trust – Nil	
	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
	Held at the beginning of the year	Nil
	Acquired during the year	
	Sold during the year	
	Transferred to the employees during the year	
	Held at the end of the year	
	Annexures :	
	1. Disclosures related to equity-settled plans	
	2. Disclosures related to cash-settled plans	
	3. Grants made during fiscal 2017 to the CEO, COO and other senior management personnel	

Annexure 1

Disclosures related to equity-settled plans

The activity in the 2015 Plan (formerly the 2011 RSU Plan) for equity-settled share-based payment transactions during the year ended March 31, 2017 is as follows:

Indian Equity Shares (IES)

Particulars	Year ended March 31, 2017	
	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan (formerly 2011 Plan): Indian equity shares (RSU – IES)		
Outstanding at the beginning ⁽¹⁾	2,21,505	5
Granted	18,78,025	5
Forfeited and expired	61,540	5
Exercised ⁽²⁾	34,062	5
Outstanding at the end	20,03,928	5
Exercisable at the end	–	–
2015 Plan (formerly 2011 Plan): Employee Stock Options (ESOPs – IES)		
Outstanding at the beginning	–	–
Granted	3,09,650	998
Forfeited and expired	–	–
Exercised	–	–
Outstanding at the end	3,09,650	998
Exercisable at the end	–	–

⁽¹⁾ Adjusted for bonus issues

⁽²⁾ 17,820 RSUs were exercised by Dr. Vishal Sikka at an exercise price of ₹5 per share amounting to ₹89,100. 17,820 RSUs are adjusted to bonus issue resulting in 34,062 RSUs.

American Depository Shares (ADSs)

Particulars	Year ended March 31, 2017	
	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan (formerly 2011 Plan): American Depository Shares (RSU – ADS)		
Outstanding at the beginning	–	–
Granted	9,96,665	0.07
Forfeited and expired	39,220	0.07
Exercised	–	–
Outstanding at the end	9,57,445	0.07
Exercisable at the end	–	–
2015 Plan (formerly 2011 Plan): Employee Stock Options (ESOPs – ADS)		
Outstanding at the beginning	–	–
Granted	8,96,200	15.26
Forfeited and expired	8,200	15.26
Exercised	–	–
Outstanding at the end	8,88,000	15.26
Exercisable at the end	–	–

The activity in the 2015 Plan (formerly the 2011 RSU Plan) for equity-settled share-based payment transactions during the year ended March 31, 2016 is as follows:

Particulars	Year ended March 31, 2016	
	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan (formerly 2011 Plan): Indian equity shares (IES)		
Outstanding at the beginning ⁽¹⁾	1,08,268	5
Granted	1,24,061	5
Forfeited and expired	–	–
Exercised ⁽¹⁾	10,824	5
Outstanding at the end	2,21,505	5
Exercisable at the end	–	–

⁽¹⁾ Adjusted for bonus issues

During the years ended March 31, 2017 and March 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,084 and ₹1,088, respectively.

The following table summarizes the information about equity-settled RSUs and ESOPs outstanding as of March 31, 2017:

Range of exercise prices per share (₹)	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
2015 Plan: ADS and IES			
0-5 (RSU)	29,61,373	1.88	5.00
900-1100 (ESOP)	11,97,650	7.09	1,026.50
	41,59,023	3.38	299.16

The weighted average remaining contractual life of RSUs outstanding as of March 31, 2016 under the 2015 Plan was 1.98 years.

The fair value of each equity-settled RSU is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

Particulars	For options granted in			
	Fiscal 2017 – Equity shares – RSU	Fiscal 2017 – ADS – RSU	Fiscal 2016 – Equity shares – RSU	Fiscal 2015 – Equity shares – RSU
Grant date	1-Aug-16	1-Aug-16	22-Jun-15	21-Aug-14
Weighted average share price (₹) / (\$ – ADS) ⁽¹⁾	1,085	16.57	1,024	3,549
Exercise price (₹) / (\$ – ADS) ⁽¹⁾	5.00	0.07	5.00	5.00
Expected volatility (%)	25-29	26-30	28-36	30-37
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2.37	2.29	2.43	1.84
Risk-free interest rate (%)	6-7	0.5-1	7-8	8-9
Weighted average fair value as on grant date (₹) / (\$ – ADS) ⁽¹⁾	1,019	15.59	948	3,355

⁽¹⁾ Data for fiscal 2015 is not adjusted for bonus issues.

Particulars	For options granted in			
	Fiscal 2017 – Equity shares – RSU	Fiscal 2017 – Equity shares – ESOP	Fiscal 2017 – ADS – RSU	Fiscal 2017 – ADS – ESOP
Grant date	1-Nov-16	1-Nov-16	1-Nov-16	1-Nov-16
Weighted average share price (₹) / (\$ – ADS)	989	989	15.26	15.26
Exercise price (₹) / (\$ – ADS)	5.00	998	0.07	15.26
Expected volatility (%)	24-29	27-29	26-29	27-31
Expected life of the option (years)	1-4	3-7	1-4	3-7
Expected dividends (%)	2.37	2.37	2.29	2.29
Risk-free interest rate (%)	6-7	6-7	1-2	1-2
Weighted average fair value as on grant date (₹) / (\$ – ADS)	929	285	14.35	3.46

The expected term of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as the expected exercise behavior of the employee who receives the RSU / ESOP. Expected volatility during the expected term of the RSU / 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 RSU / ESOP.

Annexure 2

Stock Appreciation Rights

During fiscal 2017, the Company granted 1,12,210 incentive units (cash-settled) to certain eligible employees at mid and senior levels under the 2015 Plan. As of March 31, 2017, 1,06,845 incentive units were outstanding (net of forfeitures). There were no exercise of SARs during the year.

There was no significant change in assumptions used in determining fair value of equity-settled and cash-settled stock incentive unit plans. Refer to Annexure 1 for assumptions related to equity-settled plans, as the grants were made on the same dates for both equity and cash-settled stock incentive plans.

Note: No other employee was granted SARs in the year amounting to 5% or more of the total SARs granted during the year. Similarly, there was no grant of SARs in the year that was equal to or exceeding 1% of the issued capital of the Company.

Annexure 3

Grants made during fiscal 2017 to the CEO, COO and other senior management personnel

Employee name	Designation	ESOP		RSU		Remarks
		No. of ESOPs offered	Exercise price	No. of RSUs offered	Exercise price	
Dr. Vishal Sikka	CEO & MD	Nil	Nil	1,20,700	USD 0.07	ADRs
M. D. Ranganath	Chief Financial Officer	48,400	INR 997.50	30,650	INR 5.00	Indian Shares
Ravi Kumar S.	President and Deputy Chief Operating Officer	1,12,750	USD 15.26	52,350	USD 0.07	ADRs
Mohit Joshi	President	1,12,750	USD 15.26	52,350	USD 0.07	ADRs
Sandeep Dadlani	President	1,12,750	USD 15.26	52,350	USD 0.07	ADRs
Rajesh K. Murthy	President	96,900	USD 15.26	45,000	USD 0.07	ADRs
Krishnamurthy Shankar	Group Head – Human Resources	19,000	INR 997.50	12,050	INR 5.00	Indian Shares
Gopi Krishnan Radhakrishnan	Acting General Counsel	–	NA	1,500	INR 5.00	Indian Shares
A. G. S. Manikantha	Company Secretary		NA	1,000	INR 5.00	Indian Shares

Note: No other employee was granted shares in the year amounting to 5% or more of the total shares granted during the year. Similarly, there was no grant in the year that was equal to or exceeding 1% of the issued capital of the Company.

Additional grants given after March 31, 2017 (with a grant date of May 2, 2017)

CEO & MD

Based on fiscal 2017 performance evaluation, the Board, on the recommendations of the nomination and remuneration committee, approved on April 13, 2017, performance-based equity and stock options for fiscal 2017 comprising 1,32,483 RSUs amounting to US \$1.9 million (approximately ₹12.91 crore) and 3,30,525 ESOPs amounting to US \$ 0.96 million (approximately ₹6.46 crore). These RSUs and ESOPs will be granted w.e.f. May 2, 2017. The Board, based on the recommendations of the nomination and remuneration committee, approved on April 13, 2017 the annual time-based vesting grant for fiscal 2018 comprising of 1,37,741 RSUs amounting to US \$2 million (approximately ₹12.97 crore). These RSUs will be granted effective May 2, 2017.

COO

On March 31, 2017, the shareholders, vide a postal ballot, approved a revision in the salary of U. B. Pravin Rao, COO and Whole-time Director, w.e.f. November 1, 2016. Based on fiscal 2016 performance, the nomination and remuneration committee, in its meeting held on October 14, 2016, recommended a grant of 27,250 RSUs and 43,000 ESOPs amounting to ₹4 crore to U. B. Pravin Rao under the 2015 Plan and the same was approved by the shareholders through a postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f. May 2, 2017.

Other employees

The committee granted 37,100 RSUs and 73,600 ESOPs to a few eligible and identified employees of the Company and its subsidiaries w.e.f. May 2, 2017.