

Mahindra Lifespace Developers Limited Employee Stock Option Scheme Disclosure under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

Particulars	Disclosures
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.	Details provided in note 26 (b) - Notes to Accounts of the Consolidated financial statements and note 24 (b) - Notes to Accounts of the Standalone financial statements in the Annual Report 2015-16.
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.	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share' for FY 2015-16 is Rs. 22.61 (Consolidated) and Rs. 25.38 (Standalone).

Details related to Employee Stock Option Scheme 2006 and 2012 of the Company

1. A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including –

Particulars	MLDL ESOS 2006	MLDL ESOS 2012
Date of shareholders' approval	21 st July, 2006	24 th July, 2012
Total number of options approved under ESOS	12,00,000	8,17,610
Vesting requirements	In four equal tranches of 25% each on expiry of 12 months, 24 months 36 months and 48 months respectively from the date of grant.	In four tranches of 20%, 20%, 30% and 30% on expiry of 12 months, 24 months 36 months and 48 months respectively from the date of grant.

Exercise Price	Based on below pricing formula, for options granted on 25 th April, 2008 exercise price is Rs. 428 per stock options and for options granted on 4 th August, 2012 exercise price is Rs. 325.00 per stock options.	Rs. 10 per stock options.
Pricing Formula	<p>Average price preceding the specified date</p> <p>Average price — Average of the daily high and low of the prices for the Company's Equity Shares quoted on Bombay Stock Exchange Limited during 15 days preceding the specified date</p> <p>Specified date — Date on which the Nomination and Remuneration Committee decided to recommend granting of Stock Options to the employees and Directors of the Company and its holding / subsidiary companies under an Employees' Stock Option Scheme.</p>	Face Value – Rs.10
Maximum term of options granted	<p>The options granted vest in four equal tranches of 25% each on expiry of 12 months, 24 months 36 months and 48 months respectively from the date of grant.</p> <p>The exercise period for each tranche of the options vested is the last date of exercise period for the last tranche of the granted Options i.e. 5 years from the date of vesting of the last tranche or such other extended period or periods as may be decided by the Nomination and Remuneration Committee from time to time.</p> <p>The Options remaining unexercised at the end of the Exercise Period (or such extended period/s as may have been decided by the Remuneration Committee), shall lapse.</p>	<p>The options granted in four tranches of 20%, 20%, 30% and 30% on expiry of 12 months, 24 months 36 months and 48 months respectively from the date of grant.</p> <p>The options vested shall be exercised within such period as may be determined by the Remuneration Committee while recommending the grant of options; provided that such period shall not exceed five (5) years from the respective date of vesting of options.</p> <p>The options remaining unexercised at the end of the Exercise Period or such extended period as may be determined</p>

		by the Remuneration Committee shall lapse.
Source of shares (primary, secondary or combination)	Primary	Primary
Variation in terms of options	Pursuant to the authority granted to the Nomination and remuneration Committee the following administrative changes were made. The terms of the exercise of Options were revised, during the financial year 2010 - 2011 (i) to provide for exercise of vested Stock Option by eligible employees at any time during a period of five years from the respective date of vesting instead of earlier option of exercising only on the anniversary of their vesting (ii) subject to other terms in this regard, retired / resigned employees are allowed to exercise the vested Stock Options at any time during the period of five years from respective date of vesting as against exercise of Options within 3 months from the date of retirement/ resignation and (iii) on 22nd April, 2014, the terms for exercise of options w.r.t. options granted on 25th April, 2008 were further revised by having a uniform last date for exercise of vested Options as 24th April, 2017 and w.r.t. options granted on 4th August, 2012, by having a uniform last date for exercise of options as 3rd August, 2021.	Not Applicable

2. Method used to account for ESOS - Intrinsic or fair value: **Intrinsic value method**
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: **The Company has calculated the employee compensation cost**

using the intrinsic value of Stock Options. Had the fair value method been used the employee compensation cost would have been higher by Rs. 1.52 lakh. Had the fair value method been used the profit after tax would have been lower by Rs. 1.13 lakh. No impact on basic and diluted earnings per share had the fair value method been used.

4. Option movement during the year (For each ESOS):

Particulars	MLDL ESOS - 2006	MLDL ESOS - 2012	TOTAL
Number of options outstanding at the beginning of the period	4,40,230	118,200	5,58,430
Number of options granted during the year	Nil	34,000	34,000
Number of options forfeited / lapsed during the year	Nil	13,100	13,100
Number of options vested during the year	2,500	41,000	43,500
Number of options exercised during the year	2,500	18,450	20,950
Number of shares arising as a result of exercise of options	2,500	18,450	20,950
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Rs. 7,44,92,000	Rs. 4,42,500	----
Number of options outstanding at the end of the year	4,37,730	1,20,650	5,58,380
Number of options exercisable at the end of the year	4,35,230	32,500	4,67,730

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:

ESOS 2006:

2006		
Options Grant Date	Weighted average Exercise Price (Rs.)	Weighted average Fair Value (Rs.)
25 th April, 2008	Rs. 428.00	Rs. 291.04
4 th August, 2012	Rs. 325.00	Rs. 294.06

ESOS 2012

2012		
Options Grant Date	Weighted average Exercise Price (Rs.)	Weighted average Fair Value (Rs.)
4 th August, 2012	Rs. 10.00	Rs. 294.06
24 th July, 2013	Rs. 10.00	Rs. 409.27
17 th October, 2014	Rs. 10.00	Rs. 461.87
30 th April 2015	Rs. 10.00	Rs. 402.60
28 th January 2016	Rs. 10.00	Rs. 417.10

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: NIL**

b. **Employees (Including Director) who receives grant in any one year of option amounting to 5% or more of option granted during that year:**

ESOS 2006:

Names	Designation	ESOS -2006	
		Number of options granted	Exercise Price
6,78,359 Options were granted on 25th April, 2008			
Mr. Arun Nanda	Chairman, Non-Executive Director	2,00,000	Rs. 428
Ms. Anita Arjundas	Managing Director and Chief Executive Officer	50,000	Rs. 428
Mr. Pawan Malhotra*	----	50,000	Rs. 428
10,000 Options were granted on 4th August, 2012			
Dr. Prakash Hebalkar	Independent Director	10,000	Rs. 325

*Resigned as Managing Director with effect from 23rd June, 2009

ESOS 2012:

Names	Designation	ESOS - 2012	
		Number of options granted	Exercise Price
101,000 Options were granted on 4th August, 2012			
Ms. Anita Arjundas	Managing Director & Chief Executive Officer	10,000	Rs. 10
Ms. Sangeeta Prasad	CEO - Integrated cities and Industrial Clusters	6,000	Rs. 10
26,500 Options were granted on 24th July, 2013			
Mr. Deepak Ahluwalia	General Manager - Human Resources	1,500	Rs. 10
Mr. Kamal Sharma	DGM – Facility Management (Resigned on 4 th December 2015)	1,500	Rs. 10
Mr. Sanjay Bhagat	DGM - Business Development	1,500	Rs. 10
Mr. Sundaresan Vaidyanathan	Sr. GM - Business Development	2,500	Rs. 10
Ms. Smeeta Neogi	VP – Marketing (Resigned 30th June 2016)	4,000	Rs. 10
Mr. Riyaz Bhada	GM – Design (Resigned on 13th April 2015)	2,500	Rs. 10
Mr. Tirthankar Chatterjee	VP - Projects (West)	4,000	Rs. 10
Mr. Rajesh Sriramshetty	General Manager- Projects	1,500	Rs. 10
Mr. Parcha Radha Kishan	DGM – Projects	1,500	Rs. 10
Mr. Akhilesh Ayyappan	DGM - Business Development	1,500	Rs. 10
Ms. Arti Shinde	DGM - Secretarial & Legal	1,500	Rs. 10
Mr. R. Guru Shankar	General Manager - Quality & Innovation	1,500	Rs. 10
Mr. Rajendra Gadekar	DGM – Liasoning &BD (Resigned on 31st March 2015)	1,500	Rs. 10
27,000 Options were granted on 17th October, 2014			
Mr. Jasmin Suchak	DGM - Accounts & Finance	1,500	Rs. 10
Ms. Bharathy Shivakumar	DGM - Accounts & Finance (South) (Resigned on 31st October 2015)	1,500	Rs. 10
Mr. Meraj Choudhari	DGM - BD & Marketing (Delhi North) (Resigned on 9th May 2016)	1,500	Rs. 10
Mr. Vimal Mishra	DGM - Compliance & Liasoning	1,500	Rs. 10
Mr. Ajay Saklani	DGM – Sales (Resigned on 3rd Dec 2015)	1,500	Rs. 10
Mr. Lokesh Gupta	VP - Operations (North)	4,000	Rs. 10

Mr. Sanjay Srivastava	Chief Operating Officer, Subsidiary Company	6,000	Rs. 10
Mr. Girish Menon	DGM – Liasoning	1,500	Rs. 10
Mr. Ashish Singhal	General Manager – Projects	2,500	Rs. 10
Mr. Ajay Shah	General Manager – CRM	1,500	Rs. 10
Mr. Deepak Porayath	Business Head - Residential South	4,000	Rs. 10
3,000 Options were granted on 30th April, 2015			
Ms. Amritaa Dey	DGM – Marketing	1,500	Rs. 10
Mr. Vishal Bhavsar	DGM – Sustainability	1,500	Rs. 10
31,000 Options were granted on 28th January, 2016			
Mr. Bharat Gothoskar	General Manager – Marketing	2,500	Rs. 10
Mr. Anuj Bindal	General Manager - BD & Marketing	2,500	Rs. 10
Mr. Satish Deshpande	General Manager – Projects	2,500	Rs. 10
Mr. Amitabh Byapari	GM - Strategic Sourcing & Contracting	2,500	Rs. 10
Mr. Ankit Agarwal	General Manager – Sales (Resigned on 11th April 2016)	2,500	Rs. 10

c. **Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the Company at the time of grant: NIL**

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:**

Grant Date	ESOS 2006		ESOS 2012				
	25 th April 2008	4 th August 2012	4 th August 2012	24 th July 2013	17 th October 2014	30 th April 2015	28 th January 2016
Risk-free interest rate	7.79% - 8.15%	8.06% - 8.20%	8.06% - 8.20%	8.31% - 8.39%	8.49% - 8.52%	7.69% - 7.74%	7.43% - 7.73%
Expected life	3.5 – 6.5 Years	3.5 – 6.5 Years	3.5 – 6.5 Years	6 – 9 Years	3.5 – 6.5 Years	3.5 - 6.5 Years	3.5 – 6.5 Years
Expected volatility	66.76% - 70.65%	44.15% - 59.61%	44.15% - 59.61%	47.63%	26.68% - 43.74%	26.11%- 37.68%	27.17% - 30.20%

Expected dividends	0.33%	1.38%	1.38%	1.31%	2.28%	2.57%	2.49%
Exercise Price	Rs. 428	Rs. 325	Rs. 10	Rs. 10	Rs. 10	Rs. 10	10
Stock Price	Rs. 443.79	Rs. 324.14	Rs. 324.14	Rs. 454.09	Rs. 516.08	Rs. 467.60	482.25

- b. **how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility:** The measure of volatility used in the Black-Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. In respect of options granted during the year, we have considered the volatility for periods, corresponding to the respective expected lives of the different vests, prior to the grant date. We have considered the daily volatility of the Company's stock price on NSE over these years.

Besides key assumptions stated above, no other features of the options grant were considered relevant while measuring the fair value.