

**INFORMATION AS REQUIRED UNDER THE SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014
("SBEB REGULATIONS") READ WITH SEBI CIRCULAR CIR/CFD/POLICY CELL/2/2015 DATED 16TH JUNE, 2015
("SEBI CIRCULAR")**

The Company has in force the following schemes which get covered under the provisions of SBEB Regulations:

- (1) Mahindra & Mahindra Limited Employees Stock Option Scheme – 2000 ("2000 Scheme")
- (2) Mahindra & Mahindra Limited Employees Stock Option Scheme – 2010 ("2010 Scheme")
- (3) M&M Employees Welfare Fund No. 1
- (4) M&M Employees Welfare Fund No. 2
- (5) M&M Employees Welfare Fund No. 3

Note 1: The schemes mentioned in points (1) and (2) above are collectively known as "ESOP Schemes" or "ESOS" and are administered by the Mahindra & Mahindra Employees' Stock Option Trust ("ESOP Trust") through Mahindra & Mahindra Employees' Stock Option Trust Deed.

Note 2: The schemes mentioned in points (3) to (5) above are administered by their respective trust deeds and are hereinafter collectively referred to as GEBS i.e. General Employee Benefit Schemes.

(A) ESOP SCHEMES

A.	General terms and conditions	<p>Each option entitles the holder thereof to apply for and be allotted one Equity Share of the Company of Rs. 5 each upon payment of the exercise price during the exercise period.</p> <p>The exercise period may commence from the date of vesting and will expire not later than 5 years from the date of vesting or such other period as may be decided by Governance, Nomination and Remuneration Committee ("the Committee"), from time to time.</p> <p>The options will be exercisable by the Employees by a written application to the Company/ESOP Trust or any other entity which may be set up for this purpose to exercise the options, in such manner and on execution of such documents, as may be prescribed by the Committee from time to time.</p> <p>The options will lapse if not exercised within the specified exercise period. The options may also lapse under certain circumstances even before the expiry of the specified exercise period.</p> <p>The ESOP Schemes will be under the superintendence of and be administered by the Committee, the members of which are Independent Directors of the Company.</p>			
B.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	Rs. 51.00			
C.	Date of shareholders' approval	<p>The shareholders have granted approvals on the following dates:</p> <table><tr><td><u>2000 Scheme</u> 31st July, 2000 28th July, 2004 30th July, 2007</td><td><u>2010 Scheme</u> 28th July, 2010 8th August, 2014</td></tr></table> <p>Since the ESOP schemes were existing as on the date of notification of SBEB Regulations, Regulation 6(1) does not apply and as such further shareholders' approval is not required for implementing the schemes</p>		<u>2000 Scheme</u> 31 st July, 2000 28 th July, 2004 30 th July, 2007	<u>2010 Scheme</u> 28 th July, 2010 8 th August, 2014
<u>2000 Scheme</u> 31 st July, 2000 28 th July, 2004 30 th July, 2007	<u>2010 Scheme</u> 28 th July, 2010 8 th August, 2014				
D.	Total number of options approved under ESOS	<u>2000 Scheme</u> 74,80,033 Equity Shares of Rs. 10 each.	<u>2010 Scheme</u> 2,25,53,034 Equity Shares of Rs. 5 each.		
E.	Vesting Requirements	<p style="text-align: center;">2000 Scheme and 2010 Scheme</p> <p>Vesting of options may commence after a period of not less than 1 year from the date of grant. The vesting may occur in one or more tranches, subject to terms and conditions of vesting as may be stipulated by Governance, Nomination and Remuneration Committee.</p>			

F.	The pricing formula/ Exercise price	2000 Scheme										2010 Scheme							
		1 st Tranche	2 nd Tranche	3 rd Tranche	4 th Tranche	5 th Tranche	6 th Tranche	7 th Tranche	8 th Tranche	9 th Tranche	10 th Tranche	11 th Tranche	1 st Tranche	2 nd Tranche	3 rd Tranche	4 th Tranche	5 th Tranche	6 th Tranche	
		Average price preceding the specified date – 27 th September, 2001	Average price preceding the specified date – 30 th May, 2003	Discount of 5.13% on the average price preceding the specified date – 31 st May, 2004	Discount of 4.85% on the average price preceding the specified date – 30 th May, 2005	Average price preceding the specified date – 14 th September, 2005	Discount of 5.02% on the average price preceding the specified date – 29 th May, 2006	Discount of 4.89% on the average price preceding the specified date – 13 th September, 2006	Discount of 4.97% on the average price preceding the specified date – 30 th July, 2007	Discount of 5.03% on the average price preceding the specified date – 4 th August, 2008	Discount of 4.97% on the average price preceding the specified date – 30 th July, 2009	Discount of 4.98% on the average price preceding the specified date – 7 th August, 2012	Options issued at Par specified date – 29 th October, 2010	Options issued at Par specified date – 9 th December, 2011	Options issued at Par specified date – 25 th October, 2012	Options issued at Par specified date – 13 th November, 2013	Options issued at Par specified date – 25 th August, 2015	Options issued at Par specified date – 5 th November, 2015	
		Average price –		Average of the daily high and low of the prices for the Company's Equity Shares quoted on BSE Limited during 15 days preceding the specified date.															
		The specified date–		Date on which the Committee decided to recommend to the ESOP Trust, the grant of Options.															
G.	Maximum term of options granted					<u>2000 Scheme</u> 108 months from the date of grant					<u>2010 Scheme</u> 120 months from the date of grant								
H.	Source of shares (primary, secondary or combination)					The source of shares currently held by the ESOP Trust is primary issuance. All the shares acquired by the ESOP Trust through secondary market prior to SEBI Circular of 17 th January, 2013 prohibiting acquisition of securities from the secondary market, have already been transferred to employees pursuant to exercise of options by them. The ESOP Trust has not acquired any shares from the secondary market thereafter.													
I.	Variation in terms of options					At the Sixty-first Annual General Meeting of the Company held on 30 th July, 2007, 2000 Scheme was amended to provide for recovery from Eligible Employees, the fringe benefit tax in respect of options which are granted to or vested or exercised by the Eligible Employees on or after 1 st April, 2007.													
J.	Method used to account for ESOS - intrinsic or fair value 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 recognised if it had used the fair value of the options. The impact of this difference on profits and on EPS of the company.					The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the Company adopted fair value method in respect of options granted on or after 1 st April, 2005, under 2000 Scheme and 2010 Scheme, the employee compensation cost would have been lower by Rs. 5.01 crores, Profit after tax higher by Rs. 5.01 crores and the basic and diluted earnings per share would have been higher by Rs. 0.08 & Rs. 0.08 respectively.													
K.	Option movement during the Financial Year 2015-16:																		
	Particulars					2000 Scheme					2010 Scheme								
	(a) Number of options outstanding at the beginning of the period					16,08,309					18,10,963								
	(b) Number of options granted during the year					NIL					29,20,567								
	(c) Number of options forfeited during the year					NIL					85,028								
	(d) Number of options lapsed during the year					94,947					955								
	(e) Number of options vested during the year					5,000					8,44,441								
	(f) Number of options exercised during the year					5,64,234					6,77,295								
	(g) Number of shares arising as a result of exercise of options					5,64,234					6,77,295								

Particulars		2000 Scheme		2010 Scheme			
(h)	Money realized by exercise of options (INR), if scheme is implemented directly by the company	Not Applicable					
(i)	Loan repaid by the ESOP Trust during the year from exercise price received	Loan of Rs. 14.95 crores was repaid to the Company during the year, of which Rs. 14.78 crores was repaid from the amount received on exercise of options under the ESOP Schemes and an amount of Rs. 17 lakhs was paid out of dividend received from the Company.					
(j)	Number of options outstanding at the end of the year	9,49,128		39,68,252			
(k)	Number of options exercisable at the end of the year	9,44,128		5,60,521			
L.	Weighted-average exercise prices and weighted-average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock.	2010 Scheme					
		Options Grant Date		Exercise price/ weighted average exercise price (Rs.)	Fair value (Rs.)		
		25 th August, 2015 (4 tranches vesting over a period of 54 months)		5.00	1,173.49		
		5 th November, 2015 (4 tranches vesting over a period of 54 months)		5.00	1,184.56		
		(5 tranches vesting over a period of 60 months)		5.00	1,186.77		
M.	Employee-wise details of options granted during the year to:						
i)	Senior Managerial Personnel (including Key Managerial Personnel)	Name of Employees to whom Stock Options have been granted during the year		Designation	2010 Scheme Options Granted on 25 th August, 2015	Exercise Price of Options	
		Dr. Pawan Goenka		Executive Director & Group President (Auto and Farm Sector)	62,635	Rs. 5 per share	
		Mr. V S Parthasarathy		Group CFO, Group CIO & President (Group Finance & M&A)	28,205	Rs. 5 per share	
		Mr. Narayan Shankar		Company Secretary	7,783	Rs. 5 per share	
ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year	2000 Scheme				2010 Scheme	
		Names		Options granted during the year ended 31 st March, 2004*	Names		Options granted during the year ended 31 st March, 2014
		Mr. Raghunath Murti		15,000	Mr. Pranab Datta		15,240
		Mr. Hemant Luthra		15,240	Mr. Rajeev Dubey		15,000**
		Mr. Ramesh Iyer		25,920	Mr. Allen Sequeira		10,160
					Mr. Prince M. Augustin		5,080
		* The Options granted stand augmented by an equal number of Options and the Exercise Price stands reduced to half on account of the 1:1 Bonus Issue made in September, 2005.					
		** The Options granted and outstanding as of 30 th March, 2010, stand augmented by an equal number of Options and the Exercise Price stands reduced to half on account of the sub-division of the Face Value of Equity Share from Rs. 10 to Rs. 5.					
iii)	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	NIL					

N.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following information:	2010 Scheme (Grant Date – 25 th August, 2015)	2010 Scheme (Grant Date – 5 th November, 2015)	
		The fair-value of the stock options granted under 2010 Scheme have been calculated using Black-Scholes Options pricing formula and the significant assumptions made in this regard are as follows:	The fair-value of the stock options granted under 2010 Scheme have been calculated using Black-Scholes Options pricing formula and the significant assumptions made in this regard are as follows:	
	(a) weighted-average values of:			
	(i) share price	1,243.25	1,254.30	1,254.30
	(ii) exercise price	Rs. 5 per share	Rs. 5 per share	Rs. 5 per share
	(iii) expected volatility	31.53%	30.92%	31.05%
	(iv) expected option life	5.71 years	5.70 years	5.50 years
	(v) expected dividends	0.97%	0.96%	0.96%
	(vi) risk-free interest rate	4 years vesting: 7.88%	4 years vesting: 7.64%	5 years vesting: 7.63%
	(vii) any other inputs to the model	NIL		
	(b) The method used and the assumptions made to incorporate the effects of expected early exercise	The Company has estimated the expected life of the options on the basis of average of minimum and maximum life of the Options. Historical data is not considered in expected life calculations.		
	(c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.		
	(d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	No other feature has been considered for fair valuation of options except as mentioned in this table at point (a) above.		
O.	Disclosures in respect of grants made in three years prior to IPO under each ESOS	Not applicable		

For relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by The Institute of Chartered Accountants of India, please refer Note Nos. 3(K) and 33 to the Financial Statement for the year ended 31st March, 2016 forming part of the Annual Report (2015-16).

(B) DETAILS RELATED TO GEBS

Sr. No.	Particulars	M&M Employees Welfare Fund No. 1	M&M Employees Welfare Fund No. 2	M&M Employees Welfare Fund No. 3
(a)	General terms and conditions	To manage the Trust Fund and collect and recover the interest, dividends and income thereof and to pay the expenses of collection and other outgoings, if any. To apply or utilize the Trust Fund or any part thereof in the absolute discretion of the Trustees to or for all or any of the Trust objects, schemes, purpose for the benefit and welfare of the Beneficiaries either directly or indirectly and this shall be made from the Trust Fund after deduction of all cost and expenses in accordance with the provision of this Trust Deed.		
(b)	Date of shareholders' approval	Since the GEBS (in the form of Trust Deeds) were existing as on the date of notification of SBEB Regulations, Regulation 6(1) does not apply and as such shareholders' approval is not required for implementing the Trust Deeds.		
(c)	Kind of benefits to be granted under the scheme	<p>The following are the benefits granted to the beneficiaries under these Schemes:</p> <ul style="list-style-type: none"> – Educational Scholarships and reimbursement of expenses towards school/college fees and for further studies, self-improvement courses, libraries, and books & periodicals etc.; – Granting loans for purchase or construction of houses or apartments; – Reimbursement or payment of expenses incurred by or for the beneficiaries towards hospital treatment, surgery, clinical treatment, consultations, periodic checkup, examination including dental, optical etc.; – Providing meals or refreshments or canteens either free of cost or on subsidised basis; – Providing loans for purchase of cars, motor cycles/scooters etc. Provision of transport facilities to and from residence to place of work either free of cost or at subsidised rates; – Providing recreation facilities, reimbursing fees, subscriptions and expenses of clubs or other recreation institutions, subsidising expenses of get-togethers, socials, excursions, tours and gymnasias or the purchase of instruments, apparatus, books and other articles for gymnasias, etc.; – Conducting any other welfare activities which would be conducive to the welfare of the employees/beneficiaries. 		
(d)	Beneficiaries of the scheme	The Beneficiaries of this Trust shall mean all persons who are in permanent employment of the Company, former employees who have retired from the employment of the Company including their respective spouses, dependent unmarried children (up to the age of 25 years) and dependent parents of such employees (including such employees who have deceased during the course of their employment with the Company) or retired employees except promoter or person belonging to the promoter group, independent director, a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding shares of the Company or employees of the Company to whom the provisions of Industrial Disputes Act, 1947 apply and whose terms and conditions of employment with the Company are generally governed by the periodical agreements with the Company.		
(e)	Total assets of the scheme*	Rs. 17.23 crore	Rs. 8.76 crore	Rs. 1.36 crore
(f)	Quantum of holding in own shares/listed holding company shares (both absolute and in percentage)*	12,63,156 Equity Shares of Rs. 5 each of the Company aggregating to 0.20%	6,82,914 Equity Shares of Rs. 5 each of the Company aggregating to 0.11%	84,800 Equity Shares of Rs. 5 each of the Company aggregating to 0.01%
(g)	Whether scheme is in compliance of regulation 26(2)/ 27(3) of the regulations, as applicable	Note 1	Note 1	Yes
(h)	Variation in terms of scheme	NIL	NIL	NIL

* These figures are based on the Unaudited Financial Results.

Note 1: As per the SBEB Regulations, a transition period of five years from the date of notification of the SBEB Regulations i.e. five years from 28th October, 2014 has been prescribed for compliance with the same and the Company will comply with this requirement within the transition period.

(C) DETAILS RELATED TO TRUST

(i) General information on all schemes –

Sl. No.	Particulars	M&M Employees Welfare Fund No. 1	M&M Employees Welfare Fund No. 2	M&M Employees Welfare Fund No. 3	M&M Employees Stock Option Trust
		Details	Details	Details	Details
1.	Name of the Trust	M&M Employees Welfare Fund No. 1	M&M Employees Welfare Fund No. 2	M&M Employees Welfare Fund No. 3	Mahindra & Mahindra Employees' Stock Option Trust
2.	Details of the Trustee(s)	1) Ms. Padmini Khare Kaicker	1) Ms. Padmini Khare Kaicker	1) Ms. Padmini Khare Kaicker	1) Ms. Padmini Khare Kaicker
		2) Ms. Daxa Baxi	2) Ms. Daxa Baxi	2) Ms. Daxa Baxi	2) Ms. Daxa Baxi
		3) Mr. Rajan Surve	3) Mr. Rajan Surve	3) Mr. Rajan Surve	3) Mr. Rajan Surve
		4) Mr. Vijay Thakurdesai	4) Mr. Vijay Thakurdesai	4) Mr. Vijay Thakurdesai	4) Mr. Vijay Thakurdesai

Sl. No.	Particulars	M&M Employees Welfare Fund No. 1	M&M Employees Welfare Fund No. 2	M&M Employees Welfare Fund No. 3	M&M Employees Stock Option Trust
		Details	Details	Details	Details
3.	Amount of loan disbursed by company / any company in the group, during the year	NIL	NIL	NIL	NIL
4.	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	NIL	NIL	NIL	Rs. 6.85 crores
5.	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	NIL	NIL	NIL	NIL
6.	Any other contribution made to the Trust during the year	NIL	NIL	NIL	NIL

(ii) Brief details of transactions in shares by the Trust –

Sl. No.	Particulars	M&M Employees Welfare Fund No. 1	M&M Employees Welfare Fund No. 2	M&M Employees Welfare Fund No. 3	M&M Employees Stock Option Trust
(a)	Number of shares held at the beginning of the year	12,63,156 Equity Shares of Rs. 5 each of the Company	6,82,914 Equity Shares of Rs. 5 each of the Company	84,800 Equity Shares of Rs. 5 each of the Company	2,97,00,106 Equity Shares of Rs. 5 each of the Company
(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	NIL	NIL	NIL
(c)	Number of shares transferred to the employees/sold along with the purpose thereof	NIL	NIL	NIL	12,41,529 Equity Shares of Rs. 5 each of the Company transferred to the employees
(d)	Number of shares held at the end of the year	12,63,156 Equity Shares of Rs. 5 each of the Company	6,82,914 Equity Shares of Rs. 5 each of the Company	84,800 Equity Shares of Rs. 5 each of the Company	2,84,58,577 Equity Shares of Rs. 5 each of the Company

(iii) In case of secondary acquisition of shares by the Trust –

Particulars	M&M Employees Welfare Fund No. 1	M&M Employees Welfare Fund No. 2	M&M Employees Welfare Fund No. 3	M&M Employees Stock Option Trust
	Number of shares and as a percentage of paid-up equity capital as at the end of the year*	Number of shares and as a percentage of paid-up equity capital as at the end of the year *	Number of shares and as a percentage of paid-up equity capital as at the end of the year	Number of shares and as a percentage of paid-up equity capital as at the end of the year
Held at the beginning of the year	** 2,23,200 equity shares of Rs. 5 each aggregating to 0.036%	*** 92,350 equity shares of Rs. 5 each aggregating to 0.015%	NIL	NIL
Acquired during the year	NIL	NIL	NIL	NIL
Sold during the year	NIL	NIL	NIL	NIL
Transferred to the employees during the year	NIL	NIL	NIL	NIL
Held at the end of the year	** 2,23,200 equity shares of Rs. 5 each aggregating to 0.036%	*** 92,350 equity shares of Rs. 5 each aggregating to 0.015%	NIL	NIL

* Secondary market acquisition was made prior to the SEBI Circular dated 17th January, 2013 and the SBEB Regulations, and hence shareholders' approval was not required. Accordingly, the paid-up equity capital as at 31st March, 2016 has been considered to derive the percentages mentioned in the above table.

** Comprising 88,300 equity shares of Rs. 10 each (equivalent to 1,76,600 equity shares of Rs. 5 each on account of sub-division of each equity share of the Company having a Face Value of Rs. 10 each fully paid-up into two equity shares of Face Value of Rs. 5 each fully paid-up in the year 2010) and 46,600 equity shares of Rs. 5 each.

*** Comprising 34,150 equity shares of Rs. 10 each (equivalent to 68,300 equity shares of Rs. 5 each on account of sub-division of each equity share of the Company having a Face Value of Rs. 10 each fully paid-up into two equity shares of Face Value of Rs. 5 each fully paid-up in the year 2010) and 24,050 equity shares of Rs. 5 each.