

MAHINDRA LOGISTICS LIMITED

Registered Office: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400 018.

Website: www.mahindralogistics.com • E-mail: cs.mll@mahindra.com

Phone: +91 22 2490 1441 • Fax: +91 22 2490 0833

CIN: L63000MH2007PLC173466 • ISIN: INE766P01016

Disclosures with respect to Employee Stock Option Scheme of Mahindra Logistics Limited (“the Company”) in compliance with Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with SEBI CIRCULAR CIR/CFD/POLICY CELL/2/2015 Dated 16 June 2015 are set out as below:

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 no. 24 - Notes to the Standalone Financial Statements in the Annual Report 2018-19.

Sr. No.	Particulars	MLL Key Executive Stock Option Scheme 2012 (“KESOS”)	Mahindra Logistics Restricted Stock Unit Plan 2018 (“RSU 2018”)
1	General Terms and Conditions	Pursuant to the terms of the KESOS, upto a maximum of 5,770,000 options can be granted to eligible employees of the Company. The Nomination and Remuneration Committee (“Committee”) may determine their exercise price subject to conforming to the accounting policies specified in regulation 15 of SEBI (Share Based Employee Benefits) Regulations, 2014; provided however, that the exercise price shall not be less than the face value/ par value of the Equity Shares.	Pursuant to the terms of the RSU 2018, upto a maximum of 10,50,000 options can be granted in one or more tranches to the eligible employees and Directors of the Company and eligible employees of its Holding Company. The Nomination and Remuneration Committee (“Committee”) may determine their exercise price subject to conforming to the accounting policies specified in regulation 15 of SEBI (Share Based Employee Benefits) Regulations, 2014; provided however, that the exercise price shall not be less than the face value/ par value of the Equity Shares.
2	Date of Shareholders approval	25 June 2012, 2 November 2012, 5 February 2014, 27 October 2015 and 11 July 2017	2 August 2018
3	Total number of options approved under the Scheme	5,770,000	10,50,000
4	Vesting requirements	The vesting period shall be minimum of one year and maximum of eight years from the date of grant as decided by the Committee. The Vesting shall happen in one or more tranches as may be decided by the Committee.	The vesting period shall be minimum of one year and maximum of five years from the date of grant as decided by the Committee. The Vesting shall happen in one or more tranches as may be decided by the Committee.

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Sr. No.	Particulars	MLL Key Executive Stock Option Scheme 2012 ("KESOS")					Mahindra Logistics Restricted Stock Unit Plan 2018 ("RSU 2018")
5	Exercise Price or Pricing formula	Fair market value as determined by Category 1 Merchant Banker registered under the SEBI Merchant Bankers Regulations, 1992					Face value of the equity shares of the Company i.e. Rs. 10/-
6	Maximum term of options granted	Eight years from the date of grant as decided by the Committee.					Five years from the date of grant as decided by the Committee.
7	Source of shares (primary, secondary or combination)	Primary					Primary
8	Variation in terms of options	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19
		Nil	Change in vesting period*	Change in vesting period*	Nil	Nil	Nil
9	Method used to account for ESOP – Intrinsic or fair value	Intrinsic value	Intrinsic Value**	Fair Value	Fair Value	Fair Value	Fair Value
10	Where the Company opts for expensing of options using the intrinsic value of 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 Earnings per share (EPS) of the Company shall also be disclosed	Nil	Nil	The Company follows the Fair Market Value (based on Black Scholes valuation model) of the stock options as on the date of grant for calculating employee compensation cost		The Company follows the Fair Market Value (based on Black Scholes valuation model) of the stock options as on the date of grant for calculating employee compensation cost	

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		2014-15	2015-16	2016-17	2017-18	2018-19	2018-19
11	Option movement during the financial years:						
a.	Number of options outstanding at the beginning of the year	21,21,788	15,44,163	19,29,889	17,97,381	4,59,360	0
b.	Number of options granted during the year	Nil	5,45,866	73,608	4,59,360	Nil \$	613,484
		Total options granted as on 31 March 2019: 56,46,564 (Net of options forfeited /cancelled)					613,484
c.	Number of Options forfeited/lapsed during the year	1,42,148	1,60,140	2,06,116	1,10,501	77,436	Nil
d.	Number of Options vested during the year	4,42,459	3,78,257	3,74,260	9,34,363	381,924	Nil
e.	Number of Options exercised during the year	4,35,477	Nil	Nil	16,86,880	305,760	Nil
f.	Number of Shares arising as a result of exercise of options	4,35,477	Nil	Nil	16,86,880	305,760	Nil
g.	Money realised by exercise of options (INR), if scheme is implemented directly by the Company	11,730,619.76	Nil	Nil	62,982,234.98 #	26,686,732.80	Nil
h.	Loan repaid by the trust during the year from exercise price received	Not Applicable					
i.	Number of options outstanding at the end of the year	15,44,163	19,29,889	17,97,381	4,59,360	76,164	6,13,484

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j.	Number of options exercisable at the end of the year	6,982	3,85,239	7,59,499	NIL	76,164	NIL			
12	Weighted average exercise prices and the weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable					Not Applicable			
13	Employee wise details of options granted to									
a.	Senior Managerial Personnel	For details, refer Note 1 below					Sr. No.	Name	Designation	No. of RSU granted
							1	Pirojshaw Sarkari	Chief Executive Officer	76,182
							2	Vibhu Many	Chief Transformation and Digitisation Officer	50,384
							3	Yogesh Patel	Chief Financial Officer	49,484
							4	Sushil Rathi	Chief Operating Officer	40,481
							5	Mehernosh Mehta	VP-HR	27,966
							6	Rama Malik	VP-People Transport Solution	27,926
b.	Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year.	For details, refer Note 2 below					Nil			

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c.	Identified employees who were granted options, 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					Nil
14	Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 / IND AS 33 'Earnings Per Share'	6.77	5.45	6.51	8.78	11.80	Not Applicable
15	A description of the method and significant assumptions used during the following years to estimate the fair values of options, including weighted average information:						
a.	Share Price	Refer Note 3					Rs. 549.85
b.	Exercise Price	Refer Note 3					Rs. 10
c.	Expected volatility	Refer note 3					34.3%
d.	Expected Option Life	Refer note 3					1.00 - 3.66
e.	Expected dividend	Refer note 3					0.27%
f.	Risk free interest rate	Refer note 3					7.74%-7.98%

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Sr. No.	Particulars	MLL Key Executive Stock Option Scheme 2012 ("KESOS")	Mahindra Logistics Restricted Stock Unit Plan 2018 ("RSU 2018")
g.	Any other inputs to model	Refer note 3	Nil
h.	The method used and the assumptions made to incorporate the effects of expected early exercise	Black-Scholes Options Pricing Model. The assumptions are stated in note 3 below.	Black-Scholes Options Pricing Model. The assumptions are stated above.
i.	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	The expected volatility has been calculated entirely based on annual volatility of the stock prices of peer companies, prior to the date of grant, as the historical data of the Company is not available as the Company recently got listed on 10 November 2017	The expected volatility has been calculated entirely based on the stock price on NSE for the period from November 10, 2017- November 26, 2018
j.	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 Note 3 below.	No other feature has been considered for fair valuation of options except as mentioned in this table at point (a) above.

* The terms of the vesting period were amended to enable accelerated vesting of stock options in July 2017, which were earlier eligible for vesting in June 2018

** Figures for the year ended 31 March 2016 have been restated as per IND AS to make them comparable with the figures for the year ended 31 March 2017 and fair value method was used in the financial year 2016-17 to value the ESOP.

\$ KESOS is a pre-IPO ESOP Scheme of the Company shall be operational only to the extent of vesting. No fresh stock options have been granted under the said scheme post Initial Public Offer ("IPO") and no stock options shall be granted hereafter under the said scheme.

Money realised towards exercise of 16,86,880 options was Rs. 42,098,602.68. 16,22,047 equity shares were converted from partly paid-up to fully paid – up.

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Note 1:

Grant to Senior Managerial Personnel under KESOS:

Sr. No.	Name	Designation	Number of options granted under KESOS at an exercise price of Rs. 87.28/-				
			2014-15	2015-16	2016-17	2017-18	2018-19
1.	Pirojshaw Sarkari	Chief Executive Officer	NIL	NIL	NIL	26,851	NIL
2.	Sushil Rathi	Chief Operating Officer	NIL	NIL	NIL	11,370	NIL
3.	Rama Malik	Vice President– PTS	NIL	NIL	31,436*	27,142	NIL
4.	Mehernosh Mehta	Vice President – HR	NIL	NIL	NIL	53,825	NIL
5.	Prasanna Pahade	Chief Strategy Officer	NIL	NIL	NIL	NIL	NIL
6.	Vibhu Many	Chief Transformation and Digitisation Officer	NIL	NIL	NIL	NIL	NIL
7.	Nikhil Nayak	Chief Financial Officer upto 31 August 2018	NIL	NIL	NIL	18,533	NIL
8.	Yogesh Patel	Chief Financial Officer w.e.f 1 September 2018	NIL	NIL	NIL	NIL	NIL

* Exercise price per share Rs. 52.76

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Note 2:

Grant to employees who receives a grant in any one year of option amounting to 5% or more of options granted during that year under KESOS:

Sr. No.	Name	Designation	Numb of options granted in 2014-15	Number of options granted in 2015-16	Number of options granted in 2016-17	Number of options granted in 2017-18	Number of options granted in 2018-19	Exercise Price per share
1	Gulam Taha Khalid	Deputy General Manager	NIL	29,786	NIL	NIL	NIL	44.30
2	Jayant Chitnis	General Manager	NIL	32,919	NIL	NIL	NIL	44.30
3	Amit Kamat	General Manager	NIL	59,962	NIL	23,824	NIL	2017-18: 87.28 2015-16: 44.30
4	Nasarwanji Huafreed	General Manager	NIL	NIL	NIL	26,792	NIL	87.28
5	Shrikant Tukaram Nikam	General Manager	NIL	NIL	NIL	28,170	NIL	87.28
6	Ankur Singhai	General Manager	NIL	27,191*	NIL	27,468	NIL	2017-18: 87.28 2015-16: 44.30
7	Neeraj Balani	Vice President -Business Development	NIL	58,979	Nil	23,925	NIL	2017-18: 87.28 2015-16: 44.30

*ESOP's granted was less than 5% of total grant in the year.

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Note 3:

A description of the method and significant assumptions used during the following years to estimate the fair values of options, including weighted average values of information **under KESOS**, namely:

Grant Date	Grant 1 - (Date: June 25, 2012)				Grant 2 - (Date: November 2, 2012)				Grant 3 - (Date: October 14, 2013)				Grant 4 - (Date: 27 October 27 2015)		Grant 5 - (Date: 3 August 2016)		Grant 6 - (Date: 8 July 2017)
	2018	2017	2016	2015	2018	2017	2016	2015	2018	2017	2016	2015	2018	2017	2018	2017	2018
Particulars	2018	2017	2016	2015	2018	2017	2016	2015	2018	2017	2016	2015	2018	2017	2018	2017	2018
Share price	13.90	13.90	13.90	13.90	13.90	13.90	13.90	13.90	23.38	23.38	23.38	23.38	44.30	44.30	52.76	52.76	87.28
Exercise price	13.90	13.90	13.90	13.90	13.90	13.90	13.90	13.90	23.38	23.38	23.38	23.38	44.30	44.30	52.76	52.76	87.28
Expected volatility (weighted-average)	38.88%	38.88%	38.88%	35.35%	38.88%	38.88%	38.88%	35.35%	52.62%	52.62%	52.62%	52.62%	54.03%	54.03%	76.78%	76.78%	58.27%
Expected life / Option Life (weighted-average)	9.02	9.02	9.02	1.60 - 4.94	8.66	8.66	8.66	1.25 - 4.58	7.69	7.69	7.69	1.30 - 3.63	5.83	5.83	4.91	4.91	4.00
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (based on government bonds)	8.12%	8.12%	8.12%	8.12%	8.54%	8.54%	8.54%	7.95%-7.96%	9.14%	9.14%	9.14%	8.68%	8.19%	8.19%	7.26%	7.26%	6.72%
Any other inputs to model	NIL																