

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

DISCLOSURES IN TERMS OF PART F OF SCHEDULE-I AND REGULATION 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 (“SBEB Regulations”), FOR THE FINANCIAL YEAR ENDED 31st MARCH 2024:

1. Relevant disclosures in terms of the ‘Guidance note on accounting for Employee Share-based payments’ issued by ICAI or ‘Indian Accounting Standard (Ind AS) 102 – Share-based Payment’ are given in the note no. 35 of the ‘Notes forming part of the Standalone Financial Statements’ for the year ended 31st March 2024.
2. Diluted Earnings Per Share (“EPS”) on issue of shares pursuant to all the schemes covered under regulations is disclosed in accordance with ‘Indian Accounting Standard (Ind AS) 33 – Earnings per Share’ issued by ICAI or any other relevant accounting standards as prescribed from time to time under note no. 33 of the ‘Notes forming part of the Standalone Financial Statements’ for the year ended 31st March 2024.
3. The Company has in force the following schemes which get covered under the provisions of SBEB Regulations:
 - (i) Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme – 2010 (“MMFSL ESOS – 2010”)
 - (ii) Mahindra & Mahindra Financial Services Limited - Restricted Stock Units Plan 2023 (“MMFSL RSU PLAN 2023”)

Note: The schemes mentioned in point 3(i) and (ii) are hereinafter collectively referred to as “ESOP Schemes” or “ESOS” and are administered by the Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Trust (“ESOS Trust”) through Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Trust Deed.

4. Details related to ESOS:

Sr. No.	Particulars	Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme – 2010 (MMFSL ESOS – 2010)	Mahindra & Mahindra Financial Services Limited - Restricted Stock Units Plan 2023 (“MMFSL RSU PLAN 2023”)															
	(i) Description of ESOP Schemes including general terms and conditions:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Particulars</th> <th style="width: 35%;">MMFSL ESOS – 2010</th> <th style="width: 35%;">MMFSL RSU PLAN 2023</th> </tr> </thead> <tbody> <tr> <td>Type of arrangement</td> <td>Employees share based payment plan administered through ESOS Trust</td> <td>Employees share based payment plan administered through ESOS Trust</td> </tr> <tr> <td>Contractual life</td> <td>3 years from the date of each vesting</td> <td>5 years from the date of each vesting</td> </tr> <tr> <td>Number of vested options exercisable</td> <td>Minimum of 50 or number of options vested whichever is lower</td> <td>-</td> </tr> <tr> <td>Method of settlement</td> <td>By issue of shares at exercise price</td> <td>By issue of shares at exercise price</td> </tr> </tbody> </table>		Particulars	MMFSL ESOS – 2010	MMFSL RSU PLAN 2023	Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust	Contractual life	3 years from the date of each vesting	5 years from the date of each vesting	Number of vested options exercisable	Minimum of 50 or number of options vested whichever is lower	-	Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Particulars		MMFSL ESOS – 2010	MMFSL RSU PLAN 2023															
Type of arrangement		Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust															
Contractual life		3 years from the date of each vesting	5 years from the date of each vesting															
Number of vested options exercisable		Minimum of 50 or number of options vested whichever is lower	-															
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price																
	a. Date of Shareholders’ approval:	18 th September 2010	28 th July 2023															

Sr. No.	Particulars	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 (MMFSL ESOS – 2010)	Mahindra & Mahindra Financial Services Limited - Restricted Stock Units Plan 2023 ("MMFSL RSU PLAN 2023")
	b. Total number of options/ Restricted Stock Units ("RSUs") approved under ESOP Schemes	82,39,464 (Adjusted for Sub-Division, transfers from MMFSL ESOS – 2005 and allotment made under Rights Issue in 2020)	59,44,320
	c. Vesting requirements:	In five equal tranches of 20% each on expiry of 12 months, 24 months, 36 months, 48 months and 60 months respectively from the date of grant.	In 3 equal tranches @ 33.33% on expiry of 12, 24 and 36 months, up to a maximum of 7 years from the grant date RSUs shall vest not earlier than minimum vesting period of 1 (one) year and not later than the maximum vesting period of 7 (seven) years from the date of grant of RSUs, as may be determined by the Committee. The Committee may vary the maximum vesting period from time to time, as may be statutorily permissible. The vesting of RSUs would be based on achievement of performance parameters which would include one or more of the Company performance parameters such as: a) Asset Quality b) Assets Under Management (AUM) Growth c) Cost control d) Profit growth e) Return on Assets (ROA) f) Digital maturity: use of technology and data g) Environmental, Social & Governance (ESG) performance
	d. Exercise Price or Pricing formula:	i) At a face value of Rs.2/- per Equity Share in respect of options granted as per original scheme; ii) At Rs. 50/- per Equity Share being the Rights Issue price in respect of adjustment of options entitlement under Rights Issue.	At a face value of Rs.2/- per Equity Share in respect of RSUs granted as per scheme;
	e. Maximum term of options granted:	Eight years from the date of grant with option validity of three years from the date of vesting of options under each tranche.	The Exercise Period would commence from the date of vesting of RSUs and will expire on completion of 5 (five) years from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time.
	f. Source of Shares:	Primary / fresh issue	Primary / fresh issue; and free and utilisable shares available with the Trust, if any, would be utilised for transfer to eligible persons on vesting and exercise of their RSUs under the MMFSL RSU Plan 2023.
	g. Variation in terms of options/RSUs:	None	None

Sr. No.	Particulars	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 (MMFSL ESOS – 2010)	Mahindra & Mahindra Financial Services Limited - Restricted Stock Units Plan 2023 ("MMFSL RSU PLAN 2023")
(ii)	Method used to account for ESOS: Intrinsic or Fair Value	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:	Since the Company has calculated the employee compensation cost using the Fair Value of stock options granted under MMFSL ESOS – 2010, there is no impact of difference on profits and on EPS.	Since the Company has calculated the employee compensation cost using the Fair Value of RSUs granted under MMFSL RSU PLAN 2023, there is no impact of difference on profits and on EPS.
(iv)	Option movement during FY 2024:		
	Particulars	MMFSL ESOS – 2010	MMFSL RSU PLAN 2023
	Number of options/RSUs outstanding at the beginning of the year	14,34,983	Nil
	Number of options/RSUs granted during the year	Nil	2,83,171
	Number of options/RSUs forfeited/lapsed & expired during the year (including options/RSUs forfeited/lapsed & expired out of options/RSUs granted under Rights Issue)	34,579	Nil
	Number of options/RSUs vested during the year (including options/RSUs vested out of options/RSUs granted under Rights Issue)	7,26,038	Nil
	Number of options/RSUs exercised during the year (including options/RSUs exercised out of options/RSUs granted under Rights Issue)	7,87,641	Nil
	Number of shares arising as a result of exercise of options/RSUs (including shares arising out exercise of options/RSUs granted under Rights Issue)	7,87,641	Nil
	Money realized by exercise of options/RSUs (in INR), if scheme is implemented directly by the Company (including money realized in respect of exercise of options/RSUs granted under Rights Issue)	Rs. 8,36,20,852	Nil
	Loan repaid by the Trust during the year from exercise price received	Nil	Nil
	Number of options/RSUs outstanding at the end of the year (including options/RSUs outstanding in respect of options/RSUs granted under Rights Issue)	6,12,763	2,83,171
	Number of options/RSUs exercisable at the end of the year (including options/RSUs exercisable in respect of options/RSUs granted under Rights Issue)	6,12,763	Nil

Mahindra FINANCE

Sr. No.	Particulars	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 (MMFSL ESOS – 2010)	Mahindra & Mahindra Financial Services Limited - Restricted Stock Units Plan 2023 ("MMFSL RSU PLAN 2023")														
(v)	Weighted-average exercise prices and weighted-average fair values of options/RSUs shall be disclosed separately for options/RSUs whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted-average exercise price: Rs. 26.63 Weighted-average fair value of options exercised during the year: Rs. 173.51	Weighted-average exercise price: Rs. 2/- Weighted-average fair value of RSUs exercised during the year: N/A														
(vi)	Employee wise details (name of employee, designation, number of options/RSUs granted during the year, exercise price) of options/RSUs granted to –																
	(a) senior managerial personnel (including Key Managerial Personnel);	Annexure – I	Annexure – III														
	(b) any other employee who receives a grant in any one year of option/RSUs amounting to 5% or more of option/RSUs granted during that year; and	Annexure – II	Annexure – IV														
	(c) identified employees who were granted option/RSUs, 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														
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options/RSUs including the following information:	There was no fresh grant of stock options to employees during the year ended 31st March 2024.	During the year ended 31 March 2024, 2,83,171 stock options have been granted to eligible employees under MMFSL RSU PLAN 2023. Following are the required information.														
	(a) the weighted-average values of share price, exercise price, expected volatility, expected option/RSUs life, expected dividends, the risk-free interest rate and any other inputs to the model;	Not Applicable	<table border="1" style="width: 100%;"> <tr> <td>a) the weighted-average values of share price (per share)</td> <td style="text-align: center;">Rs. 273.60</td> </tr> <tr> <td>b) exercise price (per share)</td> <td style="text-align: center;">At face value of Rs.2</td> </tr> <tr> <td>c) expected volatility</td> <td style="text-align: center;">45.98%</td> </tr> <tr> <td>d) expected option life</td> <td style="text-align: center;">4.51 years</td> </tr> <tr> <td>e) expected dividends</td> <td style="text-align: center;">2.19%</td> </tr> <tr> <td>f) the risk-free interest rate</td> <td style="text-align: center;">7.29%</td> </tr> <tr> <td>g) any other inputs to the model</td> <td style="text-align: center;">None</td> </tr> </table>	a) the weighted-average values of share price (per share)	Rs. 273.60	b) exercise price (per share)	At face value of Rs.2	c) expected volatility	45.98%	d) expected option life	4.51 years	e) expected dividends	2.19%	f) the risk-free interest rate	7.29%	g) any other inputs to the model	None
a) the weighted-average values of share price (per share)	Rs. 273.60																
b) exercise price (per share)	At face value of Rs.2																
c) expected volatility	45.98%																
d) expected option life	4.51 years																
e) expected dividends	2.19%																
f) the risk-free interest rate	7.29%																
g) any other inputs to the model	None																
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	Not Applicable	Not Applicable														
	(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Not Applicable	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.														

Sr. No.	Particulars	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 (MMFSL ESOS – 2010)	Mahindra & Mahindra Financial Services Limited - Restricted Stock Units Plan 2023 ("MMFSL RSU PLAN 2023")
			<p>The determination of expected volatility is based on historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The period considered for volatility is adequate to represent a consistent trend in the price movements and the movements due to abnormal events are evened out.</p> <p>Accordingly, since each vest has been considered as a separate grant, the model considers the volatility for periods, corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years. Similar approach was followed in determination of expected volatility based on historical volatility for all the grants under the scheme.</p>
	(d) whether and how any other features of the option/RSUs grant were incorporated into the measurement of fair value, such as a market condition.	Not Applicable	Not Applicable
(viii)	Disclosure in respect of grants made 3 years prior to IPO under ESOP Scheme	N.A.	N.A.

5. Details related to Trust

The following details, *inter alia*, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the regulations are to be disclosed:

(i) General information on all ESOP schemes

Sr. No.	Particulars	Details
1	Name of the Trust	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust
2	Details of the Trustee(s)	1. Ms. Farida Balsara 2. Mr. Aruna Kumar Poojary 3. Mr. Kapil Toshniwal 4. Mr. Sandeep Mandrekar
3	Amount of loan disbursed by Company / any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to Company / any company in the group) as at the end of the year	Nil
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
6	Any other contribution made to the Trust during the year	Nil

(ii) Brief details of transactions in Shares by the Trust

Sr. No.	Particulars	Details
a)	Number of shares held at the beginning of the year	19,31,449
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 allotted under Rights /Bonus issue during the year	Nil
d)	Number of shares transferred to the employees / sold along with the purpose thereof; - Purpose of share transfers during the year: On account of exercise of vested stock options by eligible employees in accordance with the terms and conditions of the MMFSL ESOS-2010 (including options exercised out of options granted under Rights Issue)	7,87,641
e)	Number of shares held at the end of the year (including shares outstanding in respect of options granted under Rights Issue)	11,43,808

(iii) In case of secondary acquisition of shares by the Trust - Not applicable

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	Not Applicable
Acquired during the year	
Sold during the year	
Transferred to the employees during the year	
Held at the end of the year	

**Annexure – I
MMFSL ESOS -2010**

Employee-wise details of options granted to Senior Managerial Personnel (including Key Managerial Personnel) during the year i.e., FY 2024:

There was no fresh grant of stock options to any of the employees, including the Senior Managerial Personnel during the year ended 31st March 2024.

The employee wise details of options previously granted to Senior Managerial Personnel (including Key Managerial Personnel) is as under:

Name & Designation of Senior Managerial Personnel to whom stock options have been granted	Options granted in October, 2015	Options granted in October, 2018
Mr. Ramesh Iyer ¹ Vice-Chairman & Managing Director	10,812	1,29,149
Mr. Dinesh Prajapati ² Head- Accounts, Treasury & Corporate Affairs	Nil	38,239
Mr. Rajesh Vasudevan ³ Chief Compliance Officer	Nil	32,414

1: Mr. Ramesh Iyer ceased to be Vice Chairman & Managing Director upon attaining superannuation with effect from close of business hours of 29th April 2024.

2: Mr. Dinesh Prajapati Head-Accounts, Treasury & Corporate Affairs ceased to be in employment of the Company with effect from 1st March 2024; upon his transfer as Chief financial Officer of Mahindra Rural Housing Finance Limited, subsidiary of the Company

3: Mr. Rajesh Vasudevan ceased to be in employment of the Company effective from 13th January 2024.

Notes:

i) Above table includes total options granted to beneficiaries as at respective grant date for live/active grants as on reporting date.

ii) Options enhanced by adjustment through Rights Entitlement were not considered as fresh grant of options and hence not included above.

Annexure – II

MMFSL ESOS – 2010

Names of other employees who have received grants in any one year of options amounting to 5% or more of the options granted during the year, i.e. FY 2024.

There was no fresh grant of stock options to any of the employees during the year ended 31st March 2024.

The details of employees who have previously received grants in any one year of options amounting to 5% or more of the options granted during that year is given in the table below:

Names of employees	No. of options granted
i) Options granted during the year ended 31st March, 2016	
• Mr. Sushil Kumar Sharma – Assistant SVP -System of Records	8,344
• Ms. Shilpa Bhalerao – Deputy Vice President -Human Resources Development	4,793
• Mr. Sachin Patwardhan – Sr. Manager Auto Sector ¹ -	3,737
• Mr. Amit Bhatia – General Manager – Personal Loans ²	3,728
ii) Options granted during the year ended 31st March, 2018	
• Mr. Sandeep Mandrekar – Chief Business Officer - Core Wheels Business	5,608

#1 – Mr. Sachin Patwardhan ceased to be in employment of the Company w.e.f. 15 May 2023

#2 – Mr. Amit Bhatia ceased to be in employment of the Company w.e.f. 25 September 2023

Notes:

- i) Above table includes total options granted to beneficiaries as at respective grant date for live/active grants as on reporting date.
- ii) Options enhanced by adjustment through Rights Entitlement were not considered as fresh grant of options and hence not included above.

Annexure – III
MMFSL RSU PLAN 2023

Employee-wise details of RSUs granted to Senior Managerial Personnel (including Key Managerial Personnel) during the year i.e., FY 2024:

Name & Designation	Grant dated 26 October 2023
Mr. Ramesh Iyer ¹ Vice-Chairman & Managing Director (Key Managerial Personnel)	24,397
Mr. Raul Rebello - Managing Director & CEO (Key Managerial Personnel)	17,376
Mr. Vivek Karve - Chief Financial Officer (Key Managerial Personnel)	15,155
Ms. Brijbala Batwal - Company Secretary (Key Managerial Personnel)	4,669
Ms. Deepa Ranjeet - Chief Digital Officer – Technology	7,692
Ms. Farida Desai - Senior Vice President – Legal	7,223
Mr. Mohammed Turra - Senior Vice President – Leasing Business ²	10,890
Mr. Manish Sinha - Chief Human Resource Officer	12,544
Mr. Sandeep Mandrekar - Chief Business Officer – Core Wheels	10,680
Mr. Dinesh Gangwani - Chief Information Officer – Technology	10,002
Mr. Gaurav Verma - ASVP – Head Underwriting and Product Policy	3,732

Mr. Mohan Nair - Deputy SVP – Corporate Communications & PR	5,279
Mr. Devendra Sharnagat - Chief Data & Analytics Officer	10,796
Ms. Mallika Mittal - Chief Risk Officer	11,649

- 1: Mr. Ramesh Iyer ceased to be Vice Chairman & Managing Director upon attaining superannuation with effect from close of business hours of 29th April 2024.
2. Mr. Mohammed Turra ceased with effect from 31st March 2024.

Notes:

i) Above table includes total RSUs granted to beneficiaries as at respective grant date for live/active grants as on reporting date.

**Annexure – IV
MMFSL RSU PLAN 2023**

**Names of other employees who have received grants in any one year of RSUs amounting to 5% or more of the RSUs granted during the year, i.e., FY 2024.
Grant dated 26th October 2023 –**

No other employees have received grants in any one year of RSUs amounting to 5% or more of the RSUs granted during the year, i.e., FY 2024.
