

Certified True Copy
For Mahindra and Mahindra Financial Services Ltd.



Brijbala Batwal
Company Secretary

Mahindra and Mahindra Financial Services Limited -
Restricted Stock Units Plan 2023

Mahindra and Mahindra Financial Services Limited

Gateway Building, Apollo Bunder, Mumbai 400001

CIN - L65921MH1991PLC059642

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MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED – RESTRICTED STOCK UNITS PLAN 2023 (“MMFSL RSU PLAN 2023”) HAS BEEN FORMULATED BY THE NOMINATION AND REMUNERATION COMMITTEE OF BOARD OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED (“THE COMPANY”) AND APPROVED BY IT IN ITS MEETING HELD ON 27TH APRIL 2023 AND THE BOARD OF DIRECTORS IN ITS MEETING HELD ON 28TH APRIL 2023 PURSUANT TO THE AUTHORITY VESTED IN IT BY THE SHAREHOLDERS OF THE COMPANY BY MEANS OF SHAREHOLDERS RESOLUTION DATED 28TH JULY 2023 AND IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS & SWEAT EQUITY) REGULATIONS, 2021.

1. Name, Objective and Terms of the MMFSL RSU Plan 2023

- 1.1 This RSU Plan shall be called the ‘Mahindra and Mahindra Financial Services Limited- Restricted Stock Units Plan 2023’ (“MMFSL RSU Plan 2023”).
- 1.2 The objective of the MMFSL RSU Plan 2023 is to reward the key Employees of the Company for their performance and motivate them to contribute to the growth and profitability of the Company. The Company views Restricted Stock Units (“RSUs”) as instruments that would while limiting dilution in the shareholding, also enable the Employees to get a share in the value they create for the Company. The MMFSL RSU Plan 2023 also serves as a business strategy to enhance the Company's profitability by providing equity linked incentives, encouraging employees to explore opportunities for revenue growth, cost savings and enhanced profits of the Company.
- 1.3 The MMFSL RSU Plan 2023 is established with effect from 28th July 2023 on which the shareholders of the Company have approved the MMFSL RSU Plan 2023 by way of a Special Resolution and shall continue to be in force until (i) its termination by the Board or Committee as per the provisions of Applicable Laws, or (ii) the date on which all of the RSUs available for Grant under the MMFSL RSU Plan 2023 have been issued and exercised, whichever is earlier.

2. Definitions and Interpretation

2.1 Definitions

- i. “Applicable Laws” means every law relating to equity-based compensation plan by whatever name called, including, without limitation to, the Companies Act, 2013 and rules thereof and includes any statutory modifications or re-enactments thereof, Securities Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI SBEB & SE Regulations”) and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction or of any Stock Exchange on which the Shares are listed or quoted.

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- ii. **“Board”** means the Board of Directors of the Company.
- iii. **“Committee”** means the Nomination and Remuneration Committee constituted by the Board from time to time, as per the requirements of the Applicable Laws, to supervise the MMFSL RSU Plan 2023 and other employee benefit schemes among other things, comprising of such members of the Board as provided under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and having such powers as specified under the SEBI SBEB & SE Regulations read with powers specified in this MMFSL RSU Plan 2023.
- iv. **“Companies Act”** means The Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.
- v. **“Company”** means **Mahindra & Mahindra Financial Services Limited**, a company incorporated under the provisions of the Companies Act, 1956 with Corporate Identification Number L65921MH1991PLC059642 having its registered office at Gateway Building, Apollo Bunder, Mumbai 400 001.
- vi. **“Company Policies/Terms of Employment”** means the Company’s policies for Employees and the terms of employment as contained in the employment letter and the Company handbook, which includes provisions requiring a desired level of performance, securing confidentiality, non-compete, and non-poaching of other employees and customers.

Malus or Clawback and other provisions as per RBI Guidelines and the terms and conditions of the *Remuneration Policy for Key Managerial Personnel, Senior Management and other Employees*, as applicable, shall apply to the RSUs granted under the MMFSL RSU Plan 2023.
- vii. **“Director”** means a member of the Board of the Company.
- viii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for granting RSUs to the Employees.
- ix. **“Employee”** means:
 - (i) an employee as designated by the Company, who is exclusively working in India or outside India but does not include an employee who is a promoter or a person belonging to the promoter group; or
 - (ii) a Director of the Company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an Independent Director and a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company.

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- x. **“Exercise”** of an RSU means expression of an intention by an Employee to the Mahindra and Mahindra Financial Services Limited Employees’ Stock Option Trust to acquire the Shares underlying the RSUs vested in him, in pursuance of the MMFSL RSU Plan 2023, in accordance with the procedure laid down by the Company or Trust for exercise of RSUs.
- xi. **“Exercise Period”** means such time period after vesting within which the Employee should exercise the RSUs vested in him in pursuance of the MMFSL RSU Plan 2023.
- xii. **“Exercise Price”** means the price payable by the Employee in order to exercise the RSUs granted to him in pursuance of the MMFSL RSU Plan 2023.
- xiii. **“Grant”** means the process by which the Company grants RSUs to the Employees under the MMFSL RSU Plan 2023.
- xiv. **“Grant Date”** means the date of the meeting of the Committee in which grant of RSUs to the Employees are approved or any such date which may be determined by the Committee as the Grant date.

Explanation: For accounting purposes, the Grant Date will be determined in accordance with applicable accounting standards.
- xv. **“Grantee”** means an eligible Employee who has been granted RSU in pursuance of the MMFSL RSU Plan 2023 and deems to include a Beneficiary being the legal heir or nominee of such Grantee upon his eventual death while in employment or service.
- xvi. **“Independent Director”** means a Director within the meaning of Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xvii. **“Misconduct”** means disregard of the Company’s bye-law, rules, regulations and the Company Policies/ Terms of Employment and includes mismanagement of position by action or inaction, alleged wrong doing, misfeasance, or violation of any rule, regulation or law which was expected to be abided by the Employee.
- xviii. **“Merchant Banker”** means a merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, which is registered under Section 12 of the Securities and Exchange Board of India Act, 1992, as amended from time to time.
- xix. **“Permanent Incapacity”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Grantee from performing any specific job, work or task which the said Employee was capable of performing

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immediately before occurrence of such disability, as determined by the Committee based on a certificate of a medical expert identified by the Company.

- xx. **“Promoter”** has the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
- xxi. **“Promoter Group”** has the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
- xxii. **“Restricted Stock Unit”** means an RSU granted to an Employee, which gives such Employee a right, but not an obligation, to purchase or subscribe at a future date the Share underlying such option at a pre-determined price, namely the face value of the Share, as applicable on the date of grant.
- xxiii. **“Retirement”** means retirement as per the rules of the Company.
- xxiv. **“RSU”** means a Restricted Stock Unit.
- xxv. **“MMFSL RSU Plan 2023”** means this Mahindra and Mahindra Financial Services Limited - Restricted Stock Units Plan 2023 under which the Company is authorized to grant RSUs to the Employees.
- xxvi. **“SEBI SBEB & SE Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended and enacted from time to time read with all circulars and notifications issued thereunder.
- xxvii. **“Secretarial Auditor”** means a company secretary in practice appointed by the Board under Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014, to conduct secretarial audit pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xxviii. **“Shares”** means equity shares of face value of Rs. 2 (Rupees Two) each, as applicable from time to time, of the Company within the meaning of this MMFSL RSU Plan 2023.
- xxix. **“Stock Exchange”** means National Stock Exchange of India Ltd or BSE Limited or any recognized stock exchange in India on which the Company’s Shares are listed.
- xxx. **“Trust”** means the ‘Mahindra and Mahindra Financial Services Limited Employees’ Stock Option Trust’ set-up by the Company for the administration of the share-based employee benefits plans/ schemes of the Company including this MMFSL RSU Plan 2023 being authorized from time to time, to subscribe, hold and transact in cash and Shares of the Company for the purposes of relevant employee stock option plan/ schemes of the Company including this MMFSL RSU Plan 2023.

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- xxxi. **“Trustee”** shall mean the person/ entity appointed as a trustee under the trust deed of the Trust to manage the affairs of the Trust.
- xxxii. **“Unvested RSU”** means an RSU in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Grantee has not become entitled to receive the benefit of grant made under MMFSL RSU Plan 2023.
- xxxiii. **“Vest”** or **“Vesting”** means earning by the Grantee, of the right to Exercise the RSUs granted to him in pursuance of the MMFSL RSU Plan 2023.
- xxxiv. **“Vesting Conditions”** means the conditions subject to which the RSUs granted would vest in a Grantee.
- xxxv. **“Vesting Period”** means the period, during which the Vesting of the RSU granted to the Grantee, in pursuance of MMFSL RSU Plan 2023 takes place.
- xxxvi. **“Vested RSU”** means an RSU in respect of which the relevant Vesting Conditions have been satisfied and the Grantee has become eligible to Exercise the RSU.

2.2 Interpretation

In this MMFSL RSU Plan 2023, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference; and
- f) words and expressions used and not defined here but defined in the SEBI SBEB & SE Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

3. Authority and Ceiling

- 3.1 The shareholders of the Company while approving this MMFSL RSU Plan 2023 by way of Special Resolution dated 28th July 2023, have authorized the Board of Directors of the Company including the Committee to grant not exceeding 59,44,320 (Fifty-nine lakhs forty four thousand three

hundred and twenty) RSUs (“RSU Pool”) to the eligible Employees under the MMFSL RSU Plan 2023, from time to time, in one or more tranches, exercisable into not more than same number of Shares, which shall be subscribed by the Trust through the primary issue of Shares by the Company, with each such RSU conferring a right upon the Employees to apply for one Share in the Company to be transferred by the Trust upon Exercise thereof, in accordance with the terms and conditions as may be decided under the MMFSL RSU Plan 2023.

- 3.2 The shareholders of the Company by way of Special Resolution dated 28th July 2023, have also authorised the Board of Directors of the Company including the Committee to grant loan, provide guarantee or security in connection with an interest free loan/financial assistance, in one or more tranches, to the Trust for an amount not exceeding Rs. 5 crores (Five Crores), which is below the statutory limits prescribed under the Companies Act, with a view to enable the Trust to subscribe and/or purchase equity shares of the Company for the purpose and in connection with the implementation of MMFSL RSU Plan 2023.

The aforesaid fund would be availed, upon exhaustion of free and utilizable funds (net of any outstanding liabilities and administrative expenses of the Trust), as statutorily permitted and available with the Trust.

- 3.3 The maximum number of RSUs that may be granted to each Employee in aggregate shall vary depending upon the designation and the appraisal / assessment process, however, shall not exceed 59,44,320 (Fifty-nine lakhs forty four thousand three hundred and twenty) in number per eligible Employee. However, the Committee reserves the right to decide the number of RSUs to be granted and the maximum number of RSUs that can be granted to each Employee within this ceiling.
- 3.4 If an RSU expires, lapses, or becomes un-exercisable due to any reason, it shall be brought back to the RSUs Pool and shall become available for future grants, subject to compliance with the provisions of the Applicable Laws.
- 3.5 Where Shares are transferred by the Trust consequent upon Exercise of a RSU under the MMFSL RSU Plan 2023, the maximum number of Shares that can be further issued and/or transferred under MMFSL RSU Plan 2023 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of Shares transferred.
- 3.6 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of this MMFSL RSU Plan 2023, the maximum number of Shares being granted under MMFSL RSU Plan 2023 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares X face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation.
- 3.7 Prior approval of shareholders of the Company in the general meeting by passing Special Resolution shall be obtained in case the Grant of RSUs to any identified Employee, in any one

financial year, is equal to or exceeding 1% (one percent) of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of RSU.

4. Supervision and Administration

4.1 Supervision

- (i) MMFSL RSU Plan 2023 shall be supervised by the Committee. All the functions relating to superintendence of this MMFSL RSU Plan 2023 shall stand possessed with the Committee in which case the rights, powers, duties, or liabilities of the Board to the extent delegated along with that contemplated under the Applicable Laws. All questions of interpretation of this MMFSL RSU Plan 2023 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in MMFSL RSU Plan 2023.
- (ii) Neither the Committee nor any of its members shall be liable for any actions taken in good faith for the implementation of MMFSL RSU Plan 2023.
- (iii) The Committee may rely upon the advice and assistance of any professional it deems appropriate in implementation of MMFSL RSU Plan 2023.
- (iv) The Committee shall, in accordance with this MMFSL RSU Plan 2023 and Applicable Laws, determine the following:
 - (a) The eligibility criteria for grant of RSUs to the Employees, from time to time, including the parameters, such as grade, individual performance, etc., as it may deem relevant;
 - (b) The quantum of RSUs to be granted in one or more tranches under the MMFSL RSU Plan 2023 per Employee/ per grade, subject to the ceiling as specified in Sub-clause 3.1 and 3.2;
 - (c) Terms and conditions in respect of Grant, Vesting and Exercise of RSUs by the Employees which may be different for different Employees or classes thereof falling in the same tranche of Grant of RSUs under the MMFSL RSU Plan 2023;
 - (d) The Exercise Period within which the Employee should exercise the RSU and that RSU would lapse on failure to exercise the RSU within the Exercise Period;
 - (e) The procedure for making a fair and reasonable adjustment to the number of RSUs and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Committee:
 - (i) the number and price of RSUs shall be adjusted in a manner such that total value of the RSUs remains the same after the corporate action; and

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- (ii) the Vesting Period and the life of the RSUs shall be left unaltered as far as possible to protect the rights of the RSU holders.
- (f) the conditions under which RSUs shall vest and be exercised in case of suspension of employment for alleged Misconduct;
- (g) the procedure for cashless Exercise of RSUs, if required;
- (h) determine the treatment of the RSUs held by an eligible Employee in case of suspension/termination of services or in case of any pending inquiries;
- (i) any matter relating to the Trust and aspects of administration of MMFSL RSU Plan 2023 by the Trust;
- (j) Subject to provisions of prevailing laws, the procedure for buy-back of specified securities granted under the MMFSL RSU Plan 2023 if to be undertaken at any time by the Company or Trust, and the applicable terms and conditions, including:
 - (i) permissible sources of financing for buy-back;
 - (ii) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
 - (iii) limits upon quantum of RSUs that the Company may buy-back in a financial year.
- (k) the procedure for funding for Exercise of RSUs, as permitted under the Applicable Laws; and
- (l) approve forms, writings and/or agreements for use in pursuance of the MMFSL RSU Plan 2023.
- (v) The Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Trust and the Company, as may be applicable.

4.2 Administration

- (i) The MMFSL RSU Plan 2023 shall be administered by the Trust to the extent aspects of such administration are delegated by the Committee as per the requirements of Applicable Laws.
- (ii) The Trust shall be governed subject to following terms and conditions:
 - (a) It shall not deal in derivatives and shall undertake only such transactions as permitted under the deed of Trust read with the provisions of the Applicable Laws;

(b) The Trustees appointed or re-appointed from time to time shall be such persons as being not disqualified as prescribed under the Applicable Laws; and

(c) The Trustees shall not vote in respect of the Shares held by the Trust.

(iii) The Trustees while administering the MMFSL RSU Plan 2023 shall abide by the provisions contained therein, terms of the Grant, Vesting and Exercise as decided by the Committee and shall ensure compliance of the provisions of relevant Applicable Laws as prevailing from time to time, in connection with dealing with the Shares of the Company including but not limited to maintenance of proper books of account, records and documents as prescribed.

5. Eligibility and Applicability

5.1 Only Employees within the meaning of the MMFSL RSU Plan 2023 are eligible for being granted RSUs. The appraisal process for determining the eligibility of Employees or Eligibility Criteria shall be determined by the Committee, from time to time, including parameters such as grade, individual performance, etc. as it may deem relevant.

5.2 The MMFSL RSU Plan 2023 shall be applicable to the Trust administering the MMFSL RSU Plan 2023, Company and any successor company thereof, and RSUs may be granted to the Employees and Directors of the Company, as determined by the Committee at its sole discretion.

6. Grant and Acceptance of Grant

6.1 Grant of RSUs

Each Grant under MMFSL RSU Plan 2023 shall be made in writing by the Company to the eligible Employees fulfilling the Eligibility Criteria in a letter of Grant as may be approved under the MMFSL RSU Plan 2023, from time to time.

6.2 Acceptance of the Grant

(a) Any Employee who wishes to accept the Grant made under this MMFSL RSU Plan 2023 must deliver to the Company a duly signed acceptance of the letter of Grant on or before the date ("Closing Date") which shall not be more than 60 days from the date of the Grant, as specified in the letter of Grant. On receipt by the Company of the signed acceptance, the Employee will become a Grantee.

(b) Any Employee who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above shall be deemed to have rejected the Grant unless the Committee determines otherwise.

(c) Upon acceptance of the Grant in the manner described above, the Employee henceforth as a Grantee, shall be bound by the terms, conditions and restrictions of MMFSL RSU Plan 2023 and the Grant document. The Grantee's acceptance of the Grant of RSUs under MMFSL RSU Plan 2023, within the time period provided, shall constitute an agreement between the Grantee and the Company as to the terms of this MMFSL RSU Plan 2023 and the Grant document. No amount would be required to be paid by the

Grantee at the time of grant.

7. Vesting Schedule and Conditions

- 7.1 RSUs granted under the MMFSL RSU Plan 2023 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 such 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. The Committee would lay down the parameters for vesting of RSUs 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

Besides the Company performance parameters, vesting of RSUs may include grantee's individual performance, as determined by the Committee from time to time.

The vesting dates in respect of the RSUs granted under the MMFSL RSU Plan 2023 shall be determined by the Committee and may vary from Employee to Employee or any class thereof and/ or in respect of the number or percentage of RSUs granted to an Employee.

Provided that in the event that an employee who has been granted benefits under MMFSL RSU Plan 2023, is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing company, prior to the vesting or exercise, the treatment of options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the employee.

Provided further that in the event of death of the Employee while in employment, all the RSUs granted under MMFSL RSU Plan 2023 to him/her till his/her death shall vest, with effect from the date of his/her death, in the legal heirs or nominees of the deceased employee, as the case may be.

Provided further that in case the Employee suffers a permanent incapacity while in employment, all the RSUs granted to him/her under MMFSL RSU Plan 2023 as on the date of permanent incapacitation, shall vest in him/her on that day.

In the event that an eligible Employee who has been granted benefits under the MMFSL RSU Plan 2023 is transferred or deputed to join a company within the Mahindra group (including Mahindra & Mahindra Ltd ("M&M") or any of its subsidiaries) prior to vesting or exercise, the vesting and exercise as per the terms of grant letter shall continue in case of such transferred or deputed Employee even after the transfer or deputation, only as long as the employee continues to be employed by a group company.

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In cases of approved leaves including sick leave / maternity leave etc., vesting of RSUs will not be impacted. In cases of long leaves (i.e. leave of six months or more) for any other reasons, the vesting shall be as determined by the Committee.

No RSUs or any part thereof shall vest:

- If the Eligible Employee's employment is terminated by the Company for cause; or
- If the Eligible Employee voluntarily terminates employment with the Company and the RSUs to the extent not vested shall lapse/expire and be forfeited forthwith.

In case of cessation of employment due to retirement or superannuation, RSUs granted to such employees would continue to vest in accordance with the respective vesting schedules even after retirement or superannuation, subject to the discretion of the Committee and in accordance with the Company's policies, and applicable laws.

In the event that the Employee who has been granted RSUs under the MMFSL RSU Plan 2023, is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing Company, prior to the vesting or exercise, the treatment of such RSUs in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the employee.

7.2 As a pre-requisite for a valid Vesting, a Grantee must not be subject to any disciplinary proceedings pending against him on such date of Vesting. In case of any disciplinary proceedings against any Grantee, the relevant Vesting shall be kept in abeyance until disposal of the proceedings. In case of reinstatement, Vesting shall happen as if there was no abeyance. In case of termination from employment/ service, the provisions of serial number 2 in the table given in Sub-clause 8.2 of the MMFSL RSU Plan 2023 shall apply.

7.3 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the document given to the Grantee at the time of Grant of RSUs.

8. Exercise

8.1 Exercise Price

- (a) The Exercise Price shall be the face value of the Share as on date of Exercise of RSUs.
- (b) At the time of Exercise of RSUs, the payment of the Exercise Price shall be made by a crossed cheque, or a demand draft drawn or by any electronic mode in favour of the Company or the Trust or in such other manner as the Committee may decide from time to time.

8.2 Exercise Period

- (a) **While in employment:** The Vested RSUs shall be exercised by the Grantee within the maximum exercise period of **5 (five) years from the date of vesting of RSUs**, or such other shorter period as may be prescribed by the Committee at the time of Grant and as set out in the letter of Grant.

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All the vested RSUs can be exercised by the Grantee at one time or at various points of time within the exercise period.

- (b) **In case of separation from employment:** RSUs can be exercised as per provisions outlined below:

Sr. No.	Separations	Vested RSUs	Unvested RSUs
1	Resignation or termination (other than due to Misconduct)	All the Vested RSUs as on the effective date of resignation/ date of termination shall be exercisable by the Grantee by last working day.	All Unvested RSUs on the effective date of resignation/ date of termination shall lapse/expire and be forfeited forthwith with effect from that date.
2	Termination due to Misconduct	All Vested RSUs which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination.	All Unvested RSUs on the date of such termination shall lapse/expire and be forfeited forthwith with effect from the termination date.
3	Retirement or Superannuation	All the vested RSUs as on the date of retirement shall be exercisable by the Grantee within the 12 (twelve) months from the date of Retirement or superannuation, unless otherwise determined by the Nomination and Remuneration Committee.	All Unvested RSUs as on the date of Retirement or Superannuation would continue to vest in accordance with the respective vesting schedules even after Retirement or Superannuation, in accordance with the Company's Policies, and applicable laws. Such Vested RSUs as aforesaid can be Exercised within a period of 12 (twelve) months from the respective date of Vesting.
4	Death	All Vested RSUs may be exercised by the Grantee's nominee or legal heir immediately after, but in no event later than 12 (twelve)	All the Unvested RSUs as on date of death shall vest immediately with effect from the date of his/her death, in the legal heirs or nominees of

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		months from the date of death of the Grantee.	the deceased Employee and can be exercised in the same manner as defined for Vested RSUs.
5	Permanent Incapacity	All Vested RSUs may be exercised by the Grantee, immediately after, but in no event later than 12 (twelve) months from the date of such incapacity.	All the Unvested RSUs as on date of incurring of such incapacity shall vest immediately with effect from such event to the Grantee and can be exercised within 12 (Twelve) months from the date of permanent incapacity.
6	Transfer / deputation from / to the Company, within the Mahindra group (including M&M or any of its subsidiaries) prior to vesting/exercise	Exercise Period to remain the same as per the terms of the Grant. In case of subsequent separation, treatment of Vested RSUs shall be as per applicable circumstance mentioned in this table.	Vesting schedule and Exercise Period to remain same as per the terms of the Grant, only as long as the Employee continues to be employed by a group company. In case of subsequent separation, treatment of Unvested RSUs shall be as per applicable circumstance mentioned in this table.
7	Other reasons apart from those mentioned above	The Committee shall decide whether the Vested RSUs as on that date can be exercised by the Grantee or not, and such decision shall be final.	All Unvested RSUs on the date of separation shall stand cancelled with effect from that date.

8.3 In case of early retirement (as defined under the Company's Policy on the same), the terms and condition of the Company's Policy/ Group Guidelines will apply with respect to Vested and Unvested RSUs, unless otherwise determined by the Nomination and Remuneration Committee of the Company.

8.4 The RSUs shall be deemed to have been exercised when a Grantee makes an application in writing complete in all respect to the Trust or by any other means as decided by the Committee, for transfer of Shares of the Company against the RSUs vested in him.

8.5 Lapse of RSUs

The RSUs not exercised within the Exercise Period shall lapse. The Employee shall have no right over such lapsed or cancelled RSUs.

9. Lock-in

The Shares arising out of Exercise of Vested RSUs shall not be subject to any lock-in period from the date of allotment/ transfer of such Shares under MMFSL RSU Plan 2023.

Provided that the Shares allotted/ transferred on such Exercise cannot be sold, transferred or alienated in any manner during such period as required under the terms of Code of Conduct for Prevention of Insider Trading of the Company framed under Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

10. Exit route in case of de-listing

If the Company gets de-listed from all the recognized Stock Exchanges, then the Board or Committee as authorized by the Board shall have the powers to set out terms and conditions for the treatment of Vested RSUs and Unvested RSUs in due compliance of the Applicable Laws.

11. Restriction on transfer of RSUs

11.1 The RSUs shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

11.2 RSUs shall not be transferable to any person, except in the event of death of the Grantee in which case clause 8.2(b) would apply as to transmission of any rights of the deceased Grantee.

11.3 No person, other than the Grantee to whom the RSU is granted, shall be entitled to Exercise the RSU, except in the event of the death of such Grantee, in which case provisions of table under Sub-clause 8.2(b) would apply.

12. Rights as a shareholder

12.1 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a Shareholder in respect of RSUs granted, till Shares underlying such RSUs are allotted/ transferred on Exercise of such RSUs.

12.2 Nothing herein is intended to or shall give the Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Grantee exercises the RSUs and becomes a registered holder of the Shares of the Company.

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12.3 If the Company issues bonus or rights shares, the Grantee will not be eligible for the bonus or rights Shares in the capacity of a Grantee. However, an adjustment to the number of RSUs or the Exercise Price or both would be made in accordance with Clause 4.1(e) of MMFSL RSU Plan 2023.

13. Taxation

13.1 The liability of paying taxes, if any, in respect of RSUs granted pursuant to this MMFSL RSU Plan 2023 and the Shares issued pursuant to Exercise thereof shall be entirely on Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder.

13.2 The Company shall have the right to deduct from the Grantee's salary or recover separately, any of the Grantee's tax obligations arising in connection with the RSUs upon the Exercise thereof. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.

13.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Grantee.

14. Authority to vary terms.

14.1 For the purpose of efficient implementation and administration of the MMFSL RSU Plan 2023 and with the prior approval of the shareholders' of the Company by way of a Special Resolution, the Committee may revise the terms of the MMFSL RSU Plan 2023 and/ or terms of the RSUs already granted under the MMFSL RSU Plan 2023 subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of Employees.

Provided that the Company shall be entitled to vary the terms of the MMFSL RSU Plan 2023 to meet any regulatory requirement without seeking shareholders' approval by way of a Special Resolution.

15. Miscellaneous

15.1 Government Regulations

This MMFSL RSU Plan 2023 shall be subject to all Applicable Laws including any statutory modification(s) or re-enactment(s) thereof, and approvals from governmental authorities, if any, and to the extent required.

15.2 Inability to obtain approval.

The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to grant the RSUs or issue Shares.

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- 15.3 Neither the existence of this MMFSL RSU Plan 2023 nor the fact that an individual has on any occasion been granted an RSU shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this MMFSL RSU Plan 2023 or any future scheme(s) by being granted an RSUs on any other occasion.
- 15.4 The rights granted to a Grantee upon the grant of RSUs shall not accord the Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 15.5 The Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise RSUs in whole or in part.
- 15.6 **General Risks**
Participation in the MMFSL RSU Plan 2023 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the equity and the risks associated with the investments is that of the Grantee alone.

16. Accounting and Disclosures

- 16.1 The Company shall follow the requirements including the disclosure requirements and IND AS 102 on Share-based payments and/ or any relevant accounting standards as may be prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 or any other appropriate authority, from time to time, including any guidance note on Accounting for employee share-based payments issued in that regard from time to time and the disclosure requirements prescribed therein, in compliance with relevant provisions of Regulation 15 of SEBI SBEB & SE Regulations.
- 16.2 The Company shall make disclosures to the prospective RSU Grantees containing statement of risks, information about the Company and salient features of the MMFSL RSU Plan 2023 in a format as prescribed under SEBI SBEB Regulations.
- 16.3 The Company shall disclose details of Grant, Vest, Exercise and lapse of the RSUs in the Directors' Report or in an annexure thereof as prescribed under SEBI SBEB & SE Regulations or any other Applicable Laws as in force.

17. Certificate from Secretarial Auditors or other Auditor as prescribed under the applicable laws

The Committee shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Company or any other Auditor as prescribed under the applicable laws, that the MMFSL RSU Plan 2023 has been implemented in accordance with the SEBI SBEB & SE Regulations and in accordance with the resolution of the Company in the general meeting.

18. Governing Laws

18.1 The terms and conditions of the MMFSL RSU Plan 2023 shall be governed by and construed in accordance with the Applicable Laws including the foreign exchange laws mentioned below.

18.2 Any contradiction in the Applicable Laws and the MMFSL RSU Scheme 2023, the Applicable Law shall prevail.

18.3 Foreign Exchange Laws

In case any RSUs are granted to any Employee being resident outside India belonging to the Company, working outside India, the provisions of the Foreign Exchange Management Act, 1999 and rules or regulations made thereunder as amended and enacted from time to time shall be applicable and the Company has to comply with such requirements as prescribed from time to time in connection with Grant, Vest and Exercise of RSUs thereof.

19. Notices

19.1 All notices of communication required to be given by the Company to a Grantee by virtue of this MMFSL RSU Plan 2023 shall be in writing and/or in any other means of electronic communication. The communications shall be made by the Company in any one or more of the following ways:

- i. Sending communication(s) to the last known address of the Grantee available in the records of the Company; or
- ii. Delivering the communication(s) to the Grantee in person with acknowledgement of receipt thereof; or
- iii. Emailing the communication(s) to the Grantee at the official email address provided if any by the Company during the continuance of employment or at the email address provided by the Grantee after cessation of employment.

19.2 Any communication to be given by a Grantee to the Company in respect of MMFSL RSU Plan 2023 shall be sent to the person at the address mentioned below:

The CHRO- Chief Human Resource Officer

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Address: Mahindra Towers 'A' Wing, 4th Floor, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai - 400018.

20. Jurisdiction

22.1 The Courts at Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this MMFSL RSU Plan 2023.

- 22.2 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this MMFSL RSU Plan 2023:
- (i) in any other court of competent jurisdiction; or
 - (ii) concurrently in more than one jurisdiction

21. Nomination

The Employee has to nominate a person as his/her nominee. The nominee in case of death of Employee shall be the legal representative recognized by the Company as the inheritor of the Employee in respect of all rights and liabilities for the purposes of this MMFSL RSU Plan 2023.

22. Listing of the Shares

- 22.1 The Company shall not Grant RSUs under the Plan unless it obtains in-principle approval from the Stock Exchanges where it is listed.
- 22.2 The Company shall appoint a Merchant Banker for the implementation of the Plan upto in-principle approval from the Stock Exchanges where it is listed.
- 22.3 Subject to the approval of the Stock Exchange(s), the Shares issued and allotted on Exercise of the RSUs shall be listed on the recognized Stock Exchange(s) on which the Shares of the Company are listed.

23. Severability

In the event any one or more of the provisions contained in this MMFSL RSU Plan 2023 shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this MMFSL RSU Plan 2023, but this MMFSL RSU Plan 2023 shall be construed as if such invalid, illegal or unenforceable provision had never been set forth herein, and the MMFSL RSU Plan 2023 shall be carried out as nearly as possible according to its original terms and intent.

24. Confidentiality

- 24.1 A Grantee must keep the details of the MMFSL RSU Plan 2023 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case the Grantee is found in breach of this Confidentiality Clause, the Company shall have undisputed right to terminate any agreement for Grant of RSUs and all unexercised RSUs shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this confidentiality requirement shall be final, binding and cannot be questioned by the Grantee. In case of non-adherence to the provisions of this clause, the Committee will have the authority to deal with such cases as it may deem fit.
- 24.2 On acceptance of the Grant of RSU offered by the Company, it shall be deemed that as if the Grantee has authorized the Company to disclose information relating to the Grantee during the process of implementation of the MMFSL RSU Plan 2023 or while availing any consulting or

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advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need-to-know basis. In case the Grantee intends to withdraw this deemed authorization by withdrawing from the Grant, he/ she can do so with express communication to the Company.

25. Amendment

All statutory amendments in the Applicable Laws shall be effective and binding even if such amendments are not incorporated in this MMFSL RSU Scheme 2023, unless such amendments require approval of the Committee or the Board of Directors of the Company. In the event any of the provisions of the MMFSL RSU Plan 2023 conflict with the Applicable Laws the provisions contained in the Applicable Laws will prevail.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESSES PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (EXTRACT OF THE AGM NOTICE DATED 23rd JUNE 2023)

Item Nos. 10 & 11

Approval for introduction and implementation of 'Mahindra and Mahindra Financial Services Limited - Restricted Stock Units Plan 2023' ("MMFSL RSU Plan 2023") and Approval for provision of money by the Company to Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust under the MMFSL RSU Plan 2023 to fund the subscription of equity shares in terms of MMFSL RSU Plan 2023

Background- 2010 Scheme

The Company has always believed in employee co-ownership and that share-based employee benefit scheme is an effective tool to reward the performance of its resources. The Company had vide its approval of the Members dated 18th September 2010 implemented the "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme - 2010" ("the 2010 Scheme") representing 1% of the issued equity share capital of the Company as on 30th June 2010. The 2010 Scheme was administered and implemented through an employee welfare trust namely 'Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust' ("Trust"). The Trust has 4,96,000 (Four lakhs ninety six thousand) outstanding number of ESOP's/stock options constituting 0.02% of the paid-up equity share capital of the Company as on 31st March 2023 under the 2010 Scheme and holds 19,31,449 (Nineteen lakhs thirty one thousand four hundred and forty nine) equity shares constituting 0.16% of the paid-up equity share capital of the Company under the category 'Non Promoter-Non Public' as on 31st March 2023. The 2010 Scheme will continue to be operated and administered by the Trust including grant, vesting, exercise, transfer etc. of equity shares of the Company to eligible person(s) on vesting of stock options already granted/ to be granted. Further, free and utilisable shares available with the Trust not represented by grants already made, if any, would also be utilised for transfer to eligible persons on vesting and exercise of their RSUs under the MMFSL RSU Plan 2023. Besides the 2010 Scheme, the Company does not have any active or existing share-based employee benefit scheme.

Proposal for MMFSL RSU Plan 2023

Given that there are limited number of options available for grant under the 2010 Scheme and with a view to continue the practice of rewarding performance of the employees, creating ownership culture, and to retain, motivate and attract talent in light of growing business and to align interests of shareholders with that of employees, a Restricted Stock Units ("RSUs") Plan namely 'Mahindra and Mahindra Financial Services Limited - Restricted Stock Units Plan 2023' ("MMFSL RSU Plan 2023") was approved by the Board of Directors of the Company at its meeting held on 28th April 2023, upon recommendation of the Nomination and Remuneration Committee of the Board of the Company, for the benefit of the employees of the Company, which would entitle them up to 59,44,320 (Fifty-nine lakhs forty four thousand three hundred and twenty) RSUs of the Company to be granted at exercise price of face value of the equity shares, resulting in equity dilution of 0.23% for the Public shareholders.

The MMFSL RSU Plan 2023 shall be implemented and administered by the Trust. The MMFSL RSU Plan 2023 contemplates fresh issue/primary issue of equity shares by the Company to the Trust. Equity shares of the Company shall be transferred by the Trust to the RSU grantees upon exercise of RSUs. Free and utilizable shares available with the Trust, if any, would be utilized for transfer to eligible persons on vesting and exercise of their RSUs under the MMFSL RSU Plan 2023.

Upon approval of the Members for implementation of MMFSL RSU Plan 2023, Trust will have ~64.40 lakhs number of stock options and RSUs in aggregate under both the schemes, constituting ~0.5% of paid up equity share capital of the Company. As on 31st March 2023, the Company's paid up share capital consists of ₹ 247.10 crores comprising 123,55,29,920 equity shares of face value of ₹ 2 per share.

The MMFSL RSU Plan 2023 does not have provision to grant RSUs to the employees of the holding company or subsidiary company or other group companies of the Company.

Information as stipulated under Regulation 6(2) read with Part C of Schedule I of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations"), is given hereunder:

a) Brief description of the Plan:

The MMFSL RSU Plan 2023 contemplates grant of RSUs to the eligible employees (including Managing Director & CEO/Whole-time Directors/ Non-Executive Directors) of the Company, in India or outside India, as may be determined in due compliance with SEBI SBEB & SE Regulations and provisions of the MMFSL RSU Plan 2023.

On vesting of RSUs which shall be linked and dependent on continuous employment with the Company as well as on achievement of certain performance conditions, the eligible employees earn a right (but not obligation) to exercise the vested RSUs within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Nomination and Remuneration Committee of the Board ("Committee") shall supervise the MMFSL RSU Plan 2023. All questions of interpretation of the MMFSL RSU Plan 2023 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the MMFSL RSU Plan 2023. The Trust shall administer the MMFSL RSU Plan 2023. The RSUs granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

b) Total number of RSUs to be offered and granted:

The total number of RSUs proposed to be offered and granted under the MMFSL RSU Plan 2023 shall not exceed 59,44,320 (Fifty-nine lakhs forty-four thousand three hundred and twenty) RSUs, constituting 0.48% of the fully paid-up equity share capital of the Company as on 31st March 2023, and the same shall be granted in one or more tranches, from time to time, as may be determined by the Committee. The source shall be fresh issue of Shares and same shall be subscribed by the Trust.

The SEBI SBEB & SE Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the RSUs granted. In this regard, the Committee shall adjust the number and price of the RSUs granted in such a manner that the total value of the RSUs granted under the MMFSL RSU Plan 2023 remains the same after any such corporate action. Accordingly, if any additional RSUs are issued by the Company to the RSU grantees for making such fair and reasonable adjustment, the aforesaid ceiling of 59,44,320 RSUs shall be deemed to be increased to the extent of such additional RSUs issued.

c) Identification of classes of employees entitled to participate and be beneficiaries in the MMFSL RSU Plan 2023:

Following classes of employees and Directors (collectively referred to as “Employees”) are eligible being:

- (i) An employee as designated by the Company, who is working in India or outside India excluding employee who is a promoter or a person belonging to the promoter group; or
- (ii) A director of the Company, whether a wholetime director or not, including a non-executive director, who is not a promoter or member of the promoter group but excluding an Independent Director and a Director who either by himself/herself or through his/her relatives or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company.

The eligibility for grant of RSUs shall be as per the criteria that may be determined by the Committee, from time to time, including parameters, such as grade, individual performance, etc., as it may deem relevant.

d) Requirements of vesting and period of vesting

RSUs proposed to be granted under the MMFSL RSU Plan 2023 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. The Committee would lay down the parameters for vesting of RSUs 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

Besides the Company performance parameters, vesting of RSUs may include grantee’s individual performance, as determined by the Committee from time to time.

The vesting dates in respect of the RSUs granted under the MMFSL RSU Plan 2023 shall be determined by the Committee and may vary from Employee to Employee or any class thereof and/ or in respect of the number or percentage of RSUs granted to an Employee.

In the event of death or permanent incapacity of an Employee, the minimum vesting period shall not be applicable and in such instances, all the unvested RSUs shall vest w.e.f. date of the death or permanent incapacity.

In the event that an eligible Employee who has been granted benefits under the MMFSL RSU Plan 2023 is transferred or deputed to join a company within the Mahindra group (including M&M or any of its subsidiaries) prior to vesting or exercise, the vesting and exercise as per the terms of grant letter shall continue in case of such transferred or deputed Employee even after the transfer or deputation, only as long as the employee continues to be employed by a group company.

No RSUs or any part thereof shall vest:

- If the Eligible Employee's employment is terminated by the Company for cause; or
- If the Eligible Employee voluntarily terminates employment with the Company and the RSUs to the extent not vested shall lapse/expire and be forfeited forthwith.

In case of cessation of employment due to retirement or superannuation, RSUs granted to such employees would continue to vest in accordance with the respective vesting schedules even after retirement or superannuation, subject to the discretion of the Committee and in accordance with the Company's policies, and applicable laws.

e) Maximum period within which the RSUs shall be vested:

All the RSUs granted on any date under the MMFSL RSU Plan 2023 shall vest not later than a maximum 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.

f) Exercise price, purchase price or pricing formula:

Exercise price per RSU shall be the face value of the Equity Shares as on the date of grant of RSUs, as applicable. In addition, the Employee shall be liable to pay to the Company the amount equivalent to the value of the perquisite tax and such taxes, as may be applicable, payable on exercise of the RSUs in accordance with the provisions of the Income Tax Act, 1961 and other applicable laws at the relevant time.

g) Exercise period/offer period and the process of Exercise/Acceptance of offer:

The Exercise Period would commence from the date of vesting 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.

The vested RSU shall be exercisable by the RSU grantees by making a written application to the Company/Trust expressing his/ her desire to exercise such RSUs in such manner and in such format as may be prescribed by the Committee or Trust from time to time. Exercise of RSUs shall be entertained only after payment of requisite exercise price and satisfaction of applicable taxes by the RSU grantee. The RSUs shall lapse if not exercised within the specified exercise period, subject to discretion to the Committee to allow extension of exercise period.

h) Appraisal process for determining the eligibility of employees for the Plan:

The appraisal process for determining the eligibility for grant of RSUs shall be as per the criteria that may be determined by the Committee, from time to time, including parameters such as grade, individual performance, etc. as it may deem relevant.

i) Maximum number of RSUs to be offered and issued per employee and in aggregate:

The number of RSUs that may be granted in aggregate under the MMFSL RSU Plan 2023 shall not exceed 59,44,320 (Fifty-nine lakhs forty four thousand three hundred and twenty) RSUs, constituting 0.48% of the fully paid-up equity share Capital of the Company as on 31st March 2023.

The maximum number of RSUs that may be granted per employee in any financial year under MMFSL RSU Plan 2023 shall not exceed the aforementioned ceiling, as applicable, at the time of grant.

j) Maximum quantum of benefits to be provided per employee under the Plan:

There is no contemplation of benefit other than grant of RSUs under the MMFSL RSU Plan 2023 and any benefit arising out of RSUs shall be subject to ceiling specified in the resolution.

k) Implementation and administration of the Plan:

The MMFSL RSU Plan 2023 shall be implemented and administered by the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust, existing Trust of the Company.

l) Plan involves new issue of shares by the Company to the Trust:

The MMFSL RSU Plan 2023 contemplates fresh issue/primary issue of equity shares by the Company to the Trust, in compliance with the SEBI SBEB & SE Regulations and other applicable laws.

m) Amount of loan to be provided for implementation of the Plan by the Company to the Trust, its tenure, utilisation, repayment terms, etc.:

The Company shall grant loan, provide guarantee or security in connection with a loan/financial assistance granted or to be granted, in one or more tranches, to the Trust for such amount(s) not exceeding ₹ 5 crores (Rupees Five crores only) i.e., 0.067% of the aggregate of paid-up equity share capital and free reserves of the

Company, below the statutory limits prescribed under section 67(3)(b) of the Act read with Rule 16(1)(d) of the Companies (Share Capital and Debentures) Rules, 2014, upon exhaustion of free and utilisable funds (net of any outstanding liabilities and administrative expenses of the Trust), as statutorily permitted and available with the Trust.

The loan/financial assistance provided by the Company shall be interest free and based on the terms of MMFSL RSU Plan 2023 and shall be repayable to the Company upon realisation of proceeds on permitted sale/transfer of equity shares, including realisation of exercise price on the RSUs and any other eventual income of the Trust. The exercise price received from the employees upon exercise of RSUs shall be used for the purpose of repayment of loan to the Company.

The Trust shall utilise the loan amount disbursed from time to time for the purpose of subscription of the Shares under the MMFSL RSU Plan 2023, in accordance with the provisions of SEBI SBEB & SE Regulations.

n) Maximum percentage of secondary acquisition that can be made by the Trust for the purpose of the Plan:

The MMFSL RSU Plan 2023 is not envisaging secondary acquisition as source of Shares for implementation of the MMFSL RSU Plan 2023.

o) Confirmation to accounting policies specified in Regulation 15 of the SEBI SBEB & SE Regulations:

The Company shall follow the requirements including the disclosure requirements of the Accounting Standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 including any Guidance note on Accounting for employee share-based Payments' issued in that regard from time to time.

p) Method of RSU valuation:

The Company shall adopt 'fair value method' for valuation of RSUs as prescribed under guidance note or under any relevant accounting standard notified by appropriate authorities from time to time.

q) Declaration:

In case the Company opts for expensing of share-based employee benefits using the intrinsic value, 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 RSUs and the impact of this difference on profits and on Earning Per Share ("EPS") of the Company shall also be disclosed in the Directors' report.

r) Period of Lock-in:

The shares issued pursuant to exercise of RSUs under the MMFSL RSU Plan 2023 shall not be subject to any lock-in period restriction except such restrictions as may be prescribed under applicable laws or as prescribed by any regulatory authority from time to time.

s) Terms & conditions for buyback, if any, of specified securities covered under the SEBI SBEB & SE Regulations:

Subject to the provisions of the prevailing applicable laws, the Committee shall determine the procedure for buy-back of specified securities granted under the Plan if to be undertaken at any time by the Company, and the applicable terms and conditions thereof.

Additional Information as stipulated under section 67 of the Act read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, is given hereunder:

a) The class of employees for whose benefit the MMFSL RSU Plan 2023 is being implemented and money is being provided for subscription of the Shares:

Details of required class of employees is provided above as part of the information under Regulation 6(2) of the SEBI SBEB & SE Regulation.

b) The particulars of the Trustee(s) or employees in whose favour such Shares are to be registered:

It is contemplated that one or more of the designated trustees shall subscribe and hold the Shares of the Company in due compliance of the relevant provisions of Act and Rules made thereunder. The trustees shall transfer the Shares in favour of the eligible Employees after realisation of exercise price and applicable taxes.

c) The particulars of trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any:

The Trust is in the nature of an employee welfare trust with the name 'Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust' ("Trust") having its principal office at Gateway Building, Apollo Bunder, Mumbai 400 001, Maharashtra.

Particulars of the Trustees:

S.N.	Name	Address	Occupation	Nationality
1	Mr. Dinesh Prajapati	Mahindra Towers, 'A' Wing, 4 th Floor, P. K. Kurne Chowk, Worli, Mumbai-400 018	Service	Indian
2	Mr. J Kannan			
3	Mr. Aruna Kumar Poojary			
4	Mr. Prashant Gadkari			

The Trustees are neither promoters, directors nor key managerial personnel of the Company nor are they related to the promoters, directors, or key managerial personnel of the Company.

d) Any interest of key managerial personnel, directors or promoters in MMFSL RSU Plan 2023 or Trust and effect thereof:

Promoters are not eligible to be covered under the MMFSL RSU Plan 2023. However, key managerial personnel and executive/whole-time directors may be covered under the MMFSL RSU Plan 2023 in due compliance with relevant Companies Rules read with SEBI SBEB & SE Regulations.

e) The detailed particulars of benefits which will accrue to the employees from the implementation of the MMFSL RSU Plan 2023:

The RSUs shall be granted to the eligible employees on grant date. After exercising of the RSUs and payment of exercise price with applicable taxes, the Trust shall transfer corresponding number of Shares to the eligible Employees. The eligible Employees can then sell the Shares in open market and can reap the benefit.

f) The details about exercise and voting rights in respect of the shares to be subscribed under the Plan would be exercised:

The Trustees of the Trust shall not vote in respect of Shares held in the Trust as per extant SEBI SBEB & SE Regulations. In this circumstance, the voting rights can be exercised by an eligible employee only when the Shares are transferred by the Trust to him/her.

In terms of Regulation 6 of the SEBI SBEB & SE Regulations, inter alia, approval of the Members by way of Special Resolution is required for offering employee-based stock options to the employees of the Company. Further, in terms of section 67(3)(b) of the Act provision of money by a company in accordance with any scheme approved by company requires approval of the Members by way of a Special Resolution.

Inspection, Interest & Recommendation

A draft copy of the MMFSL RSU Plan 2023 will be available for electronic inspection without any fee by the Members, as provided in Note No. 17 of the Notes to this AGM Notice.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolutions set out at Item Nos. 10 & 11, of this Notice, except to the extent of the RSUs that may be granted to them under the MMFSL RSU Plan 2023.

The Board recommends the Special Resolutions set out at Item Nos. 10 & 11 of this Notice for approval of the Members of the Company.
