

## mahindra FINANCE

### 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, FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2023:

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. 36 of the 'Notes forming part of the Financial Statements' for the year ended 31<sup>st</sup> March, 2023.
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. 34 of the 'Notes forming part of the Financial Statements' for the year ended 31<sup>st</sup> March, 2023.

#### 3. Details related to ESOS:

Sr. No.	Particulars	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 (MMFSL ESOS – 2010)								
(i)	Description of Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 (MMFSL ESOS – 2010) including general terms and conditions related to MMFSL ESOS – 2010 are given below:									
	<table border="1" style="width: 100%;"> <tr> <td style="width: 30%;">Type of arrangement</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> </tr> <tr> <td>Number of vested options exercisable</td> <td>Minimum of 50 or number of options vested whichever is lower</td> </tr> <tr> <td>Method of settlement</td> <td>By issue of shares at exercise price</td> </tr> </table>	Type of arrangement	Employees share based payment plan administered through ESOS Trust	Contractual life	3 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	
Type of arrangement	Employees share based payment plan administered through ESOS Trust									
Contractual life	3 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									
	a. Date of Shareholders' approval	18 <sup>th</sup> September, 2010								
	b. Total number of options approved under ESOS	82,04,885 (Adjusted for Sub-Division, transfers from MMFSL ESOS – 2005 and allotment made under Rights Issue in 2020)								
	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.								
	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;								

Sr. No.	Particulars	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 (MMFSL ESOS – 2010)
		ii) At Rs. 50/- per Equity Share being the Rights Issue price in respect of adjustment of options entitlement under Rights Issue.
	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.
	f. Source of Shares	Primary
	g. Variation in terms of options	None
(ii)	Method used to account for ESOS	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.
(iv)	Option movement during FY 2023:	
	<b>Particulars</b>	<b>MMFSL ESOS – 2010</b>
	Number of options outstanding at the beginning of the year	21,67,340
	Number of options granted during the year	Nil
	Number of options forfeited/lapsed & expired during the year (including options forfeited/lapsed & expired out of options granted under Rights Issue)	89,643
	Number of options vested during the year (including options vested out of options granted under Rights Issue)	6,73,157

Sr. No.	Particulars	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 (MMFSL ESOS – 2010)
	Number of options exercised during the year (including options exercised out of options granted under Rights Issue)	6,42,714
	Number of shares arising as a result of exercise of options (including shares arising out of exercise of options granted under Rights Issue)	6,42,714
	Money realized by exercise of options (in INR), if scheme is implemented directly by the Company (including money realized in respect of exercise of options granted under Rights Issue)	Rs. 6,26,43,634
	Loan repaid by the Trust during the year from exercise price received	Nil
	Number of options outstanding at the end of the year (including options outstanding in respect of options granted under Rights Issue)	14,34,983
	Number of options exercisable at the end of the year (including options exercisable in respect of options granted under Rights Issue)	6,96,553
(v)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted-average exercise price: Rs. 26.63  Weighted-average fair value of options exercised during the year: Rs. 173.94
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to –	
	(a) senior managerial personnel;	Annexure – I

Sr. No.	Particulars	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010 (MMFSL ESOS – 2010)
	(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	Annexure – II
	(c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	There was no fresh grant of stock options to employees during the year ended 31 <sup>st</sup> March, 2023.
	(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	Not Applicable
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	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
	(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Not Applicable

**4. 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 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. Mr. J. Kannan 2. Mr. Dinesh Prajapati 3. Mr. Aruna Kumar Poojary 4. Mr. Prashant Gadkari
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	25,74,163
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)	6,42,714
e)	Number of shares held at the end of the year (including shares outstanding in respect of options granted under Rights Issue)	19,31,449

**(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**

**Employee-wise details of options granted to Senior Managerial Personnel during the year i.e. FY 2023:**

There was no fresh grant of stock options to any of the employees, including the Senior Managerial Personnel during the year ended 31<sup>st</sup> March, 2023.

**The employee wise details of options granted to Senior Management Personnel previously is as under:**

<b>Name &amp; Designation of Senior Managerial Personnel to whom stock options have been granted</b>	<b>Options granted in October, 2014</b>	<b>Options granted in October, 2015</b>	<b>Options granted in October, 2018</b>
Mr. Ramesh Iyer Vice-Chairman & Managing Director	1,62,173	10,812	1,29,149
Mr. Dinesh Prajapati Head-Accounts, Treasury & Corporate Affairs	36,887	Nil	38,239
Mr. Rajesh Vasudevan Chief Compliance Officer#	29,234	Nil	32,414

# Mr. Rajesh Vasudevan was appointed as Chief Compliance Officer w.e.f 1<sup>st</sup> January 2023. Prior to this, he held position as Senior Vice-President – Accounts

**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**

**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 2023.**

There was no fresh grant of stock options to any of the employees during the year ended 31<sup>st</sup> March, 2023.

**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**

<b>Names of employees</b>	<b>No. of options granted</b>
<b>i) Options granted during the year ended 31<sup>st</sup> March, 2016</b>	
• Mr. Sushil Kumar Sharma – Sr. General Manager – IT	8,344
• Mr. Vinod Kumar Maddala - Regional Business Head (Mahindra Rural Housing Finance Limited)	5,357
• Ms. Shilpa Bhalerao – Dy. General Manager – HR	4,793
• Mr. Sachin Patwardhan – Sr. Manager Auto Sector -Country Group 2	3,737
• Mr. Amit Bhatia – General Manager – Personal Loans	3,728
• Mr. Rohit Kumar Sinha - General Manager –SME <sup>^</sup>	3,134
<b>ii) Options granted during the year ended 31<sup>st</sup> March, 2018</b>	
• Mr. Sandeep Mandrekar – Sr. VP and Business Head – Light Motor Vehicle Loans and Car Loans	5,608
• Mr. Raghunath Kopalle – Chief of Reinsurance (Mahindra Insurance Brokers Limited)	5,052

<sup>^</sup> ceased to hold office effective from close of 5<sup>th</sup> April 2022

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.