

**CLARIFICATION GIVEN BY THE COMPANY TO PROXY ADVISORY
ON POSTAL BALLOT NOTICE DATED 7TH JANUARY 2026**

Item No. 3 of Postal Ballot Notice:

Introduction and implementation of 'Mahindra & Mahindra Financial Services Limited - Subsidiary Companies Restricted Stock Units Plan 2026'.

Item no. 4 of Postal Ballot Notice:

Provision of money by the Company to Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust to fund the subscription of equity shares in terms of Mahindra & Mahindra Financial Services Limited- Subsidiaries Restricted Stock Units Plan 2026.

One of the Proxy Advisory firms has raised an observation w.r.t Item nos. 3 and 4 of the Notice which has been clarified by the Company as under:

Reference has been made to the disclosure made by the Company on page no. 28 (clause no. e of Postal Ballot Notice dated 7 January 2026) Maximum period within which the RSUs shall be vested:

All the RSUs granted on any date under the MMFSL Subsidiaries RSU Plan 2026 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.

Proxy View for Item nos. 3 and 4: Non-Disclosure of "Maximum Vesting Period" as per SEBI (SBEB & SE) Regulations – The Company has not fixed the "Maximum Vesting Period on an absolute basis. The NRC has discretion to alter/ increase the Maximum Vesting Period, thereby disregarding any numeric value disclosed under the said component. – Compliance Concern

Company's Response: The 'Mahindra & Mahindra Financial Services Limited- Subsidiaries Restricted Stock Units ("RSUs") Plan 2026' ("MMFSL Subsidiaries RSU Plan 2026") is a plan wherein 100% of vesting of RSUs is based on achievement of performance parameters, which have been disclosed along with their indicative weightages. The said Plan has been formulated in compliance with SEBI (SBEB and SE) Regulations 2021.

As intended, the verbiage on 'Maximum vesting period' is to be read and interpreted as Company's Nomination and Remuneration Committee ("NRC") (constituting more than 2/3rd as Independent Directors) having reasoned discretion to vary the maximum vesting period (approved for grants made from time to time) **within the maximum vesting period of 7 years**, as may be statutorily permissible.

For e.g. If for RSUs granted on 1st April 2026, NRC has specified a vesting over a period of 3 years (maximum vesting period), it may vary the maximum vesting period, so specified for a particular grant, within the maximum vesting period of 7 years.

The RSU Plan 2026 is largely mirrored on the Company's 'Mahindra & Mahindra Financial Services Limited - Restricted Stock Units Plan 2023' ("MMFSL RSU Plan 2023") formulated for its employees. As per the Company's practice in the MMFSL RSU Plan 2023, all the grants made under the Plan from CY 2023 - CY 2025 have a maximum vesting period of 3-5 years. The vesting period for grant to RSUs under MMFSL Subsidiaries RSU Plan 2026 is expected to hover broadly around the maximum vesting period presently followed by the Company. Enabling language and discretion to NRC allows flexibility to NRC for smooth implementation of the plan over lifetime of Plan.

We request our investors to support the proposed resolutions at Item nos. 3 and 4. of Postal Ballot Notice dated 7th January 2026.

E-voting closes on 7th February 2026 at 5:00 p.m. (IST).

Thanking you,
For **Mahindra & Mahindra Financial Services Limited**

Brijbala Batwal
Company Secretary
FCS: 5220

Date: 30th January 2026