

**CONFIDENTIAL**

**May 28, 2021**

To,

The Board of Directors  
Mahindra and Mahindra Limited  
Gateway Building,  
Apollo Bunder,  
Mumbai-400001

The Board of Directors  
Mahindra Electric Mobility Limited  
Mahindra Towers, Dr. G. M. Bhosale Marg,  
P. K. Kurne Chowk, Worli,  
Mumbai-400018

Dear Members of the Board:

Subject: Fairness Opinion Report on the ESOP Exchange Ratio in relation to the proposed issue of Employee Stock Options ("ESOPs") by Mahindra & Mahindra Ltd. ("M&M") to Employee Stock Option ("ESOP") Holders of Mahindra Electric Mobility Limited ("MEML") in accordance with the Scheme of Merger by absorption of MEML into M&M

We, SBI Capital Markets Limited ("SBICAP") understand that the Board of Directors of Mahindra and Mahindra Limited ("M&M" or the "Company") is contemplating a merger of Mahindra Electric Mobility Limited ("MEML") with Mahindra and Mahindra under a Scheme of Merger by absorption under section 230-232 and other applicable provisions of the Companies Act, 2013 and has initiated an exercise to determine ESOP Exchange Ratio for the proposed issue of M&M ESOPs to Employee Stock Option ("ESOP") Holders of Mahindra Electric Mobility Limited ("Proposed Transaction") by appointing BDO Valuation Advisory LLP (hereinafter referred to as "BDO" or "Valuer").

D.S.



The management of M&M Ltd has informed there is an Employee Stock Option Scheme-2010 presently available to its employees wherein ESOPs have been issued to its employees at an exercise price of INR 5/- each. Under the same scheme it is proposed M&M Ltd shall issue ESOPs in exchange to the ESOPs held by MEML ESOP holders.

MEML has granted options to its eligible employees under the MEML Employee Stock Option Plan 2017 ("ESOP") which were issued with an exercise price of INR 24.90, INR 25.17 and INR 25.91 respectively. Currently, ESOPs outstanding stood at 8,646,944 as at May 12, 2021 held as under:

Sr. No	Exercise Price	Options Outstanding
1	24.90	7,406,959
2	25.17	1,071,624
3	25.91	168,361
	<b>TOTAL</b>	<b>8,646,944</b>

In consideration of the Proposed Transaction, the ESOP Exchange Ratio is as below:

Sr. No	Exercise Price	Ratio of M&M ESOPs for every 10,000 MEML ESOPs
1	24.90	168
2	25.17	165
3	25.91	156

D.S.



In this regard, the Company seeks a Fairness Opinion Report from SBICAP on the ESOP Exchange Ratio as recommended by the Valuer.

Our Opinion and analysis is limited to the extent of review of documents and information as provided to us by the Company including the Valuation Report prepared by BDO dated May 28, 2021. We have relied upon the accuracy and completeness of all information and documents provided to us.

In addition to the above, we had discussions with the Company officials and BDO on such matters that we believe are necessary or appropriate for the purpose of issuing the Fairness Opinion Report.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been informed that all information relevant for the purpose of issuing the Fairness Opinion Report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed. This being so, no representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted by SBICAP and its affiliates, directors, employees, agents or representatives, in relation to the accuracy or adequacy of information, contained in the Fairness Report or any other written or oral information made available to any party or their advisors. We do not accept any liability to any third party in relation to the issuance of the Fairness Opinion Report.

We express no view as to, and our Fairness Opinion Report does not address, the underlying business decision of the company to effect the Proposed Transaction nor does it constitute any kind of recommendation to any shareholder of M&M as regards to the Proposed Transaction or any matter related thereto. We are not expressing any suggestions or opinion herein as to the price at which the shares of M&M will trade following the announcement of consummation of the Proposed Transaction or as to the prices at which the shares of M&M may be transacted.

D.S. 

Our Fairness Opinion Report is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or security actually could be ideally bought or sold by any party and is not indicative of actual value or actual future results that might be achieved, which value may be higher or lower than those indicated, and any investment decision shall not be based solely on this Fairness Opinion Report and the buyer shall carry out their own due diligence.

Our Fairness Opinion Report is not necessarily based on economic, market and other conditions as in effect on the date of issuing this Fairness Opinion Report, and the information made available to us as of, the date thereof. It should be understood that in the case of any subsequent developments we do not have any obligation to update, revise, or reaffirm this Fairness Opinion Report.

In the ordinary course of business, we and our affiliates may actively trade or hold securities of the company that may be the subject matter of this transaction for our own account or for the account of our customers and accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with M&M, MEML and their respective affiliates.

This Fairness Opinion Report is provided solely for the benefit of the Board of Directors of M&M and MEML and shall not confer rights and remedies upon, any shareholder of M&M or MEML, or any other person other than the members of the Board of Directors of M&M and MEML or be used for any other purpose. This certificate and information contained herein or any part of it does not constitute or purport to constitute investment advice in publicly accessible media and should not be printed, reproduced, transmitted sold, distributed or published by the recipient without the prior written approval of SBICAP except for regulatory purposes and to effect the Proposed Transaction.

D.S. 

This Fairness Opinion Report is only a free and fair opinion and does not constitute a commitment by SBICAP to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services.

Disputes, if any regarding this Fairness Opinion Report will be governed by and construed in accordance with the laws of India and the Courts in Mumbai, India shall have exclusive jurisdiction in this regard.

**On the basis and subject to the foregoing, to the best of our knowledge and belief, it is our view that, as of the date hereof, the proposed ESOP Exchange Ratio is fair, from a financial point of view.**

Thanking you,

Yours faithfully,



For SBI Capital Markets Limited

Name: Debrato Sen

Designation: Dy. Head – Investment Banking