

20th March, 2017

Reliance Capital Asset Management Co Ltd.

Reliance Centre, 5th Floor North Wing, Off
Western Express Highway, Santacruz (East),
Mumbai – 400055

Dear Sir / Madam,

With reference to our discussion, we hereby propose our Letter of Offer for private placement of NCD facilities on following terms & conditions, subject to approval of our Committee of Directors.

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| Issue | Rs.37,00,00,000/- |
| Investor | Reliance Capital Asset Management Co Ltd. |
| Nature of the Instrument | Secured Redeemable Non-Convertible Debentures |
| Mode of Offering | Private Placement |
| Face Value | Rs. 10,00,000/- |
| Issue Open Date | 21 st March, 2017 |
| Issue Close Date | 21 st March, 2017 |
| Tenor | 3 years & 109 days from Deemed date of Allotment |
| Deemed Date of Allotment | The deemed date of Allotment shall be date of receipt of funds towards subscription or 21 st March, 2017 whichever is later or any other day as the company may decide. |
| Interest on Application | Not Applicable |
| Redemption | Bullet redemption at par at the end of 3 years & 109 days from the deemed date of allotment. |
| Date of Maturity | 08 th July, 2020 |
| Coupon Rate | 7.90% p.a. annualised, compounded annually, payable on maturity |
| Interest Payment | Interest of Rs.10,57,65,393/- payable on maturity |
| Interest Payment Dates | The interest payment dates is 08/07/2020 i.e. on maturity |
| Put / Call Option | Not Applicable |
| Record Date | The record date for the purpose of determination of the persons entitled to receive interest / Principal in respect of the debentures shall be 14 calendar days before the due date. |

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| Day Count Basis | Actual/Actual i.e. The interest shall be computed on the basis of actual number of days elapsed in a year, for this purpose a year to comprise of a period of 365 days. In case of leap year, if February 29 falls during the tenor of a security, then the number of days shall be reckoned as 366 days for a whole one year period. (SEBI Circular - CIR/IMD/DF-1/122/2016 dated November 11, 2016) |
| Rating | "IND AAA / Stable" rating by India Ratings & Research |
| Holiday Convention | If any interest payment date falls on a holiday, the payment may be made on the following working day. If any principal payment date falls on a holiday, principal will be payable on the previous working day. The interest/ redemption payments shall be made only on the days when the money market is functioning in Mumbai. The Coupon payment convention will be as per SEBI Circular - CIR/IMD/DF-1/122/2016 dated November 11, 2016 |
| Security | Debentures are secured by way of pari passu charge in terms of the registered debenture trust deed dated 12 th December, 2016 on Aurangabad Branch office along with other Debenture holders and exclusive charge on receivables under Hire Purchase/Lease/ Loan contracts, owned Assets and Book debts to the extent of 100% of Debenture outstanding. |
| Letters of Allotment | The Issuer will issue the Letters of Allotment in dematerialized form within 2 (Two) working days from the Deemed Date of Allotment of Debentures. |
| Purpose | For long Term working capital |
| Documents | Copy of Board Resolution for NCD. Certified True Copy of resolution passed by Committee of Directors will be given within 5 working days from the deemed date of allotment. |
| Trustees | Axis Trustee Services Ltd. |
| Listing | To be Listed in The Stock Exchange, Mumbai. In-principal approval received on 09/12/2016. |
| Minimum Application & in multiples of Debt securities thereafter | 10 Debenture and in multiples of 1 thereafter |
| Validity | The offer is valid till 21 st March, 2017. However the Company reserves the right to change / modify the terms at any time without any notice during the period of this offer. |



Annexure -A

Illustration of Bond Cash Flows for Series AT2017

| Cash Flows | Date | No. of days in Coupon period | Amount (in Rupees) |
|------------|----------------------------|---------------------------------|--------------------|
| 1st Coupon | Wednesday, 08 July 2020 | 1205 | 10,57,65,393.00 |
| Principal | Wednesday, 08 July 2020 | 1205 | 37,00,00,000.00 |

Note : If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. The interest payment should be rounded to nearest rupee. If the maturity date falls on a holiday, redemption and accrued interest are payable on the immediately previous business day. The Coupon payment convention will be as per SEBI Circular - CIR/IMD/DF-1/122/2016 dated November 11, 2016

Thanking you,
Yours faithfully,

For **MAHINDRA & MAHINDRA FINANCIAL SERVICES LTD.,**



Authorised Signatory

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