

23rd October, 2018

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.

Issuer	Mahindra & Mahindra Financial Services Limited	
Mode of Offering	Private Placement	
Issue Open Date	24 th October, 2018	
Issue Close Date	24 th October, 2018	
Nature of the Instrument	Secured Redeemable Non-Convertible Debentures	
Issue Size	Option I- AM2018 Rs.65 Crores	Option II- AN2018 Rs.465 Crores
Arranger	A.K. Capital Services Limited - 65 Crores	Axis Bank Limited – 150 Crores Trust Investment Advisors Private Limited – 15 Crores
Investors	A.K. Capital Finance Private Limited - 65 Crores	Citi bank N.A. – 300 Crores Axis Bank Limited – 150 Crores Britannia Industries Limited – 15 Crores
Tenor	1 year & 195 days from Deemed date of Allotment	1 year & 11 days from Deemed date of Allotment
Face Value	Rs. 10,00,000/- per debenture	Rs. 10,00,000/- per debenture
Coupon Rate	0% p.a. (XIRR- 9.40%)	9.3683% p.a. (XIRR- 9.38%)
Deemed Date of Allotment	The deemed date of Allotment shall be date of receipt of funds towards subscription in EBP or 24 th October, 2018 whichever is later or any other day as the company may decide.	
Date of Maturity	06 th May, 2020	04 th November, 2019
Price per debenture on maturity	Rs.11,47,789/-	Rs.10,00,000/-
Interest Payable	Not Applicable	Annually & On Maturity
Interest Payment Dates	Not Applicable	24 th October,2019 & on maturity 04 th November, 2019

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	Option I- AM2018	Option II- AN2018
Redemption	Redemption at premium at the end of 1 year & 195 days from the deemed date of allotment	Redemption at par at the end of 1 year & 11 days from the deemed date of allotment
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 date of Interest / principal payment.	The record date for the purpose of determination of the persons entitled to receive interest / Principal in respect of the debentures shall be 7 calendar days before the date of Interest / principal payment.
Rating	"IND AAA / Stable" rating by India Ratings & Research	
Security	Debentures are secured by way of pari passu charge in terms of the registered debenture trust deed dated 12 th September, 2017 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.	
Interest on Application	Not Applicable	
Put/ Call Option	Not Applicable	
Purpose	The proceeds of the Debentures shall be utilised by the Company for the purpose of financing, repayment of dues of other financial institutions / Banks or for long term working capital.	
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)	
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. Working days shall be all days on which money market is functioning in Mumbai excluding non- working Saturdays or Sundays or a holiday of commercial banks in Mumbai or a public holiday in India. In case of failure of RBI's system for RTGS / NEFT payment, the same will be made on the next business day. The Company will not be liable to pay any additional interest on account of same. The Coupon payment convention will be as per SEBI Circular - CIR/IMD/DF-1/122/2016 dated November 11, 2016	
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.	



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 within 20 days. In case of FII/FPI investors to be listed in The Stock Exchange, Mumbai within 15 working days from the deemed date of allotment failing which it shall buy back the bonds from investor. In-principal approval received on 08/12/2017.
Minimum Application & in multiples of Debt securities thereafter	10 Debenture and in multiples of 1 thereafter
Compliance	Company reserves right to make multiple issuances under the same ISIN with reference to SEBI Circular CIR/IMD/DF-1/ 67 /2017 dated 30th June 2017. Issue can be made either by way of creation of fresh ISIN or by way of issuance under the existing ISIN at premium /par/discount as the case may be in line with SEBI Circular CIR/IMD/DF-1/ 67 /2017 dated 30th June 2017
Validity	The offer is valid till 24 th October, 2018. However the Company reserves the right to change / modify the terms at any time without any notice during the period of this offer.

Bidding Details

Bidding Open Date	23 rd October, 2018
Bidding Close Date	23 rd October, 2018
Manner of Bidding	Closed Bidding
Allocation Option	Uniform yield
Mechanism of Settlement	Pay in shall be done through Clearing Corporation of BSE i.e. Indian Clearing Corporation Limited "ICCL"
Settlement Cycle	T+1 day, T being the day of bidding



**Annexure -A
Illustration of Bond Cash Flows for Series AM2018**

Cash Flows	Date	No. of days in Coupon period	Amount per Debenture (Rs.)
On Maturity	Wednesday, 06 May 2020	560	11,47,789.00

**Annexure -A
Illustration of Bond Cash Flows for Series AN2018**

Cash Flows	Date	No. of days in Coupon period	Amount per Debenture (Rs.)
1st Coupon	Thursday, 24 October 2019	365	93,683.00
2nd Coupon	Monday, 04 November 2019	11	2,823.32
Principal	Monday, 04 November 2019		10,00,000.00

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

