

11<sup>th</sup> December, 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.

## Terms

Issuer	Mahindra & Mahindra Financial Services Limited
Mode of Offering	Private Placement
Nature of the Instrument	Secured Redeemable Non-Convertible Debentures
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.
Security	Debentures are secured by way of pari passu charge in terms of the registered debenture trust deed dated 13 <sup>th</sup> November 2018 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.
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)
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 05/12/2018.

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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
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.
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.
Trustees	Axis Trustee Services Ltd.
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 12 <sup>th</sup> December, 2018. However the Company reserves the right to change / modify the terms at any time without any notice during the period of this offer.



## Terms- Option I – AO2018-II

Issue	Rs.500 Crores
Arrangers	ICICI Bank Limited
Investors	ICICI Bank Limited
Security Name	9.3434% - Mahindra & Mahindra Financial Services Ltd – Series AO2018- 17 Mar 2020
Original Date of Allotment	14 <sup>th</sup> November, 2018
ISIN	INE774D07SK4
Face Value	Rs.10,00,000/-
Date of Maturity	17 <sup>th</sup> March, 2020
Coupon Rate	9.3434% p.a.
Issue Open Date	12 <sup>th</sup> December, 2018
Issue Close Date	12 <sup>th</sup> December, 2018
Additional Issuance Pay in Date	12 <sup>th</sup> December, 2018
Deemed Date of Allotment	The deemed date of Allotment shall be date of receipt of funds towards subscription in EBP or 12 <sup>th</sup> December, 2018 whichever is later or any other day as the company may decide.
Redemption	Bullet redemption at par at the end of 1 year & 124 days from the original date of allotment i.e. from 14 <sup>th</sup> November, 2018
Residual Tenor	1 year & 96 days from the pay in date of additional issuance.
Accrued Interest till Pay in date	The investor shall pay the interest to the issuer from the original date of allotment till one day prior to pay in date i.e. from 14 <sup>th</sup> November, 2018 to 11 <sup>th</sup> December, 2018 – Rs.7167.5398 per debenture.
Issue price	Clean Price : Rs.100.2020 per Rs.100 i.e. Rs.10,02,020/- per debenture and accrued interest till pay in date i.e Rs.7167.5398 per debenture .
Premium / Discount at which additional security is issued under existing ISIN	Issued at premium of Rs.0.2020 per Rs.100, effective yield is 9.20%
Interest Payable	On Date & Maturity
Interest Payment Dates	The interest payment dates are 18 <sup>th</sup> March 2019 & on maturity 17 <sup>th</sup> March 2020
Rating	"IND AAA / Stable" rating by India Ratings & Research
Interest on Application	Not Applicable
Put/ Call Option	Not Applicable



## Terms- Option II – AU2018

Issue	Rs.556 Crores
Arrangers	Trust Investment Advisors Private Limited – 230 Crores Edelweiss Financial Services Limited – 200 Crores HDFC Bank Limited – 66 Crores Axis Bank Limited – 45 Crores ICICI Securities Primary Dealership Limited – 15 Crores
Investors	Aditya Birla Mutual Fund – 130 Crores Sachin Bansal – 100 Crores K Debt Opportunities Fund limited – 100 Crores HDFC Standard Life Insurance Company Limited – 100 Crores SBI Mutual Fund – 45 Crores ICICI Prudential Mutual Fund – 41 Crores SBI Life Insurance Co. Ltd. – 25 Crores ICICI Securities Primary Dealership Limited – 15 Crores
Issue Open Date	12 <sup>th</sup> December 2018
Issue Close Date	12 <sup>th</sup> December 2018
Face Value	Rs.10,00,000/- per debenture
Deemed Date of Allotment	The deemed date of Allotment shall be date of receipt of funds towards subscription in EBP or 12 <sup>th</sup> December, 2018 whichever is later or any other day as the company may decide.
Tenor	3 years & 107 days from Deemed date of Allotment
Date of Maturity	29 <sup>th</sup> March, 2022
Coupon Rate	0% p.a. (XIRR- 9.35%)
Price per Debenture on Maturity	Rs.13,42,587/- (Rupees Thirteen Lakhs Forty Two Thousand Five Hundred Eighty Seven Only)
Interest Payable	Not Applicable
Interest Payment Dates	Not Applicable
Redemption	Redemption at premium at the end of 3 years & 107 days from the deemed date of allotment.
Rating	"IND AAA / Stable" rating by India Ratings & Research





## Annexure -A

### Illustration of Bond Cash Flows for Series AO2018

Cash Flows	Date	No. of days in Coupon period	Amount per Debenture (Rs.)
1st Coupon	Monday, 18 March 2019	124	31,741.96
2nd Coupon	Tuesday, 17 March 2020	365	93,178.72
Principal	Tuesday, 17 March 2020		10,00,000.00

## Annexure -A

### Illustration of Bond Cash Flows for Series AU2018


Cash Flows	Date	No. of days in Coupon period	Amount per Debenture (Rs.)
Premium on redemption	Tuesday, 29 March 2022	1203	3,42,587.00
Principal	Tuesday, 29 March 2022		10,00,000.00

### Note for AO2018-II & AU2018

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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