

31st January, 2019

To,
ASK Wealth Advisors Private Limited
3rd Floor, Rajan House,
Dr. Appasaheb Marathe Marg,
Shankar Ghanekar Marg,
Prabhadevi, Mumbai - 400025

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.

COMMON TERMS & CONDITIONS OF NCD	
Issuer	Mahindra & Mahindra Financial Services Ltd
Mode of Offering	Private Placement
Nature of Instrument	Secured Redeemable Principal Protected – Market Linked Non-Convertible Debentures
Principal Protection	Principal is protected at Maturity
Arranger	ASK Wealth Advisors Private Limited
Eligible Investors	<p>The following categories of investors, when specifically approached, are eligible to apply for this private placement of Debentures:</p> <ul style="list-style-type: none">• Banks• Mutual Funds• Companies registered in India• Insurance Companies• Non-Banking Financial Companies (NBFCs) and Residuary NBFCs• Bodies Corporate• Limited Liability Partnerships• Foreign Institutional Investors• Foreign Portfolio Investors• Financial Institutions• Foreign Financial Institutions• Foreign Companies• Venture Capital Funds• Alternative Investment Funds• Individuals• Hindu Undivided Family• Association of Persons• Qualified Institutional Buyers as defined under the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009• Trusts• Pension Fund Gratuity Fund• Provident Fund• Superannuation Fund• Multilateral Agencies• Any other investor may be permitted under applicable Legislation / Regulations.
Face Value	Rs. 10,00,000/- per debenture
Minimum Application Size	10 debentures and in multiples of 1 debenture thereafter
Discount at which	NA



Security is issued and the effective yield because of such discount.	
Purpose and objects of the Issue	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.
Issue Opening Date	31 st January, 2019
Issue Closing Date	31 st January, 2019
Underlying/ Reference Index	10 year Government security: 7.17 G-Sec 2028 having ISIN: IN0020170174 and Maturity on 08-01-28 As published by FBIL on www.fbil.org.in
Initial Fixing Date	16 th November, 2018
Initial Fixing Level	Last Traded (closing) Price of 7.17 G-Sec 2028 as on Initial Fixing Date, as published by FBIL on www.fbil.org.in i.e. 95.825
Final Fixing Level	Last Traded (closing) Price of 7.17 GS 2028 as on Final Fixing Date, as published by FBIL on www.fbil.org.in
Redemption Value	Face Value + Coupon (on XIRR Basis), if any
Pay-in-Date	31 st January, 2019
Deemed Date of Allotment	31 st January, 2019
Underlying Performance (%)	(Final Fixing Level / Initial Fixing Level) *100
Step up/Step down coupon rate	Not Applicable.
Coupon payment frequency	Coupon, if any will be paid on Redemption Date
Coupon payment dates	Coupon, if any will be paid on Redemption Date
Coupon type	Coupon linked to performance of Underlying / Reference Index.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	Not Applicable
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)
Proposed time schedule for which the Disclosure Document is valid	Till redemption
Redemption Premium/Discount	Not Applicable
Put / Call Option	None
Put / Call Option Date	Not Applicable
Put / Call Option Price	Not Applicable
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.



Issuance mode of Debenture	DEMAT form
Settlement mode of the Instrument	RTGS / Fund Transfer
Trading mode of the Debenture	DEMAT form only
Depository	NSDL and / or CDSL
Security	Debentures are secured by way of pari passu charge in terms of the registered debenture trust deed dated 13 th 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.
Rating	IND PP-MLD AAA emr / Stable
Business Day 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
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.
Interest on Application Money	Not applicable
Events of Default	As per Debenture Trust Deed
Roles and Responsibilities of Debenture Trustee	As per Debenture Trust Deed
Governing Law and Jurisdiction	The Debentures offered are subject to provisions of the Companies Act, 2013 as may be applicable, Securities Contract Regulation Act, 1956, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 in terms of this Disclosure Document, Instructions contained in the Application Form and other terms and conditions as may be incorporated in the Trustee Agreement and the Trust Deed and such other laws as may be applicable, guidelines, notifications and regulations relating to the issue and allotment of securities issued from time to time by the Government of India, Reserve Bank of India (RBI), and, or any other authorities and other documents that may be executed in respect of the these Debentures. The Debenture holders, by purchasing the Debentures, agree that the Mumbai High Court shall have exclusive jurisdiction with respect to matters relating to the Debentures.
Other Terms	<u>Default in Payment:</u> In case of default in payment of Coupon and/or principal redemption on the Redemption Date, additional interest @ 2% p.a. over the Coupon will be payable by the Company for the defaulting period. <u>Delay in Listing:</u> In case of delay in listing of the Debentures beyond 20 days from the Deemed Date of Allotment, the Company will pay penal interest @1 % p.a. over the Coupon from the expiry of 30 days from the Deemed Date of Allotment till the listing of such Debentures to the investor. The interest rates mentioned in above are independent of each other.
Valuation Agency Fees	Fees paid to Valuation Agent by the Issuer shall be in the range of 1 bps p.a. to 4 bps p.a. on the face value of the outstanding Debentures.
Valuation Agency	Name of Agency: Brickwork Ratings. Address: C-502, Business Square, 151, Andheri Kurla Road, Opposite: Apple Heritage Building, Chakala, Andheri (East), Mumbai - 400 093



Risk Factors associated with Market Linked Debentures	The securities are created based on complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models. The principal amount is subject to the credit risk of the issuer whereby the investor may or may not recover all or part of the funds in case of default by the Issuer.
Arranger / Distribution Fee	The fees payable for marketing and distribution of debentures shall not exceed 15bps p.a.
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. 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.
Compliance	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 31 st January, 2019. However the Company reserves the right to change / modify the terms at any time without any notice during the period of this offer.

Terms – Series AS2018

Investor	Multiple Investors.	
ISIN	This is a further issuance under ISIN - INE774D07SO6	
Issue Size (Rs.)	Rs.14.20 Crores.	
Issue Price	Rs. 10,20,018 /- per debenture.	
Premium on Issue	Rs. 20,018 /- per debenture.	
Tenor in Days	662 Days from the Original Deemed Date of Allotment (i.e. – 22 nd November, 2018).	
Residual Tenor	592 days from the pay in date of additional issuance.	
Redemption Date	14 th September, 2020.	
Initial Fixing Date	16 th November, 2018.	
Initial Fixing Level	Last Traded (closing) Price of 7.17 G-Sec 2028 as on Initial Fixing Date, as published by FBIL on www.fbil.org.in i.e. 95.825.	
Final Fixing Date	14 th July, 2020.	
Final Fixing Level	Last Traded (closing) Price of 7.17 GS 2028 as on Final Fixing Date, as published by FBIL on www.fbil.org.in .	
Coupon / Effective Yield (Annualised on XIRR basis)	Scenario	Annualised Coupon / Effective Yield (on XIRR basis)
	If Underlying Performance >=75% of the Initial Fixing level	8.50% p.a.
	If Underlying Performance < 75% but >= 25% of the Initial Fixing level	8.44% p.a.
	If Underlying Performance < 25% of the Initial Fixing level	0.00% p.a.



Illustration of Cash Flows for Series AS2018 :

Cash Flows	Date	No. of days in Coupon Period (Residual)	Amount (in Rupees)
Principal + Coupon (on XIRR Basis), on Redemption, if any	Monday, 14 th September, 2020	592	Principal + Coupon linked to performance of Underlying / Reference Index as per table below

Scenario Analysis

The following table shows the value of the Debenture at maturity under different market conditions

Underlying Performance	Issue Price	Annualized Pre-Tax Return*	Maturity Value
140.00%	10,20,018	8.50%	11,64,319
120.00%	10,20,018	8.50%	11,64,319
100.00%	10,20,018	8.50%	11,64,319
80.00%	10,20,018	8.50%	11,64,319
75.00%	10,20,018	8.44%	11,64,319
70.00%	10,20,018	8.44%	11,63,348
50.00%	10,20,018	8.44%	11,63,348
30.00%	10,20,018	8.44%	11,63,348
25.00%	10,20,018	8.44%	11,63,348
20.00%	10,20,018	-1.21%	10,00,000
10.00%	10,20,018	-1.21%	10,00,000
0.00%	10,20,018	-1.21%	10,00,000

* The return on debenture (annualized) is calculated on the basis of Issue price of the debenture

Note : Principal amount = (Face value per debenture) * (No. of debentures subscribed)

Scenario	Particulars	Price of 10 year G-Sec at Initial Level	YTM at Initial Level	Assumed price of 10 year G-Sec at final fixing date	Indicative YTM range at final fixing price	Annualised Coupon / Effective Yield (on XIRR basis)	Investment (Rs.)	Maturity (Rs.)
Moderately falling to rising	If Underlying Performance $\geq 75\%$ of the Initial Fixing level	95.825	7.82%	≥ 71.8688	$\leq 13.20\%$	8.50%	10,20,018	11,64,319
Substantially falling	If Underlying Performance $< 75\%$ but $\geq 25\%$ of the Initial Fixing level	95.825	7.82%	< 71.8688 but ≥ 23.9563	$> 13.20\%$ but $\leq 39.12\%$	8.44%	10,20,018	11,63,348
Extreme falling	If Underlying Performance $< 25\%$ of the Initial Fixing level	95.825	7.82%	< 23.9563	$> 39.12\%$	0.00%	10,20,018	10,00,000

Note : Principal amount = (Face value per debenture) * (No. of debentures subscribed)

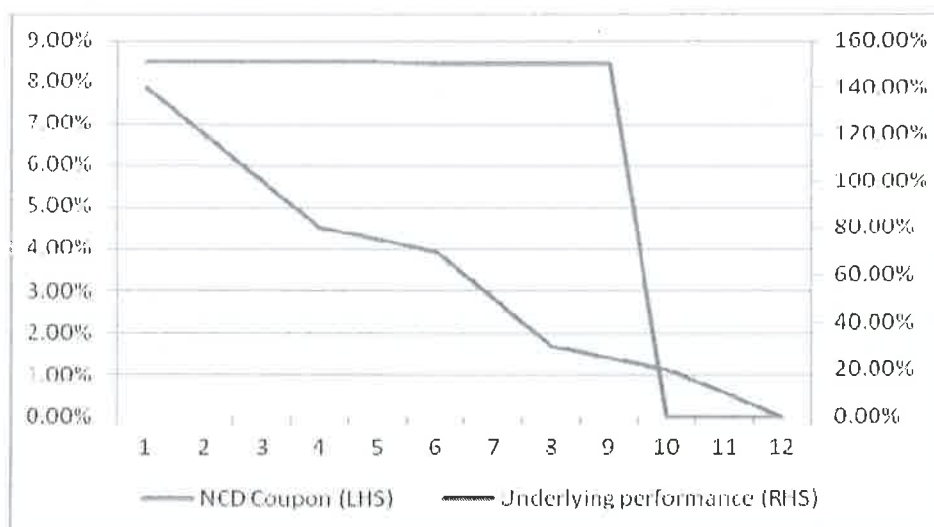
Annualised Coupon is calculated on the basis of face value of the debenture.



Mahindra FINANCE

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Graphical Representation




* NCD Coupon / Effective yield is Annualised calculated on face value of the debenture (on XIRR basis)

This scenario analysis is provided for illustrative purposes only and does not represent actual termination or unwind prices, nor does it present all possible outcomes or describe all factors that may affect the value of your investment.

Thanking you,
Yours faithfully,

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


Authorised Signatory
