

3rd June 2021

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
Security	Debentures shall be secured by way of exclusive charge in favour of the Debenture Trustee on present and/or future receivables under Loan contracts/Hire Purchase/Lease, owned Assets and Book debts to the extent of 100% of Debenture outstanding. The security shall be created on assets which are free from any encumbrances. The Company will create appropriate security in favour of the debenture trustee within the time frame prescribed as per applicable law.
Purpose	The funds raised through this issue will be utilized for various financing activities, onward lending, to repay our existing indebtedness, working capital and general corporate purposes (such as investments for liquidity and statutory requirements, capital expenditure, revenue expenditure etc.) of the Company
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)
Issuance mode of instrument	The Issuer will issue the debentures in dematerialized form.
Trustees	Axis Trustee Services Ltd.
Listing	To be listed on BSE Limited, as per the applicable timelines as mentioned in the SEBI circular SEBI/HO/DDHS/CIR/P/2020/198 dated October 05, 2020.
Minimum Application & in multiples of Debt securities thereafter	10 Debenture and in multiples of 1 thereafter

Holiday Convention	<p>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.</p> <p>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.</p> <p>The Coupon payment convention will be as per SEBI Circular - CIR/IMD/DF-1/122/2016 dated November 11, 2016</p>
Compliance	<p>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.</p> <p>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</p>
Record Date	<p>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.</p>
Covenants	<p>Default in Payment: In case of default in payment of Coupon and/or principal redemption on the due dates, additional interest @ 2% p.a. over the Coupon will be payable by the Company for the defaulting period.</p> <p>Delay in Listing: In case of delay in listing, the Company will pay penal interest @ 1% p.a. over the coupon rate for the period of delay to the investor (i.e. from date of allotment to the date of listing).</p>
Event of Default (including manner of voting /conditions of joining Inter Creditor Agreement))	<p>Kindly refer the section titled "Events of Default" on page no. 71 in the Disclosure document dated 01st June 2021.</p>
Creation of recovery expense fund	<p>The company has created a recovery expense fund in the manner as specified by the Securities and Exchange Board of India as on 26th February 2021 in favour of BSE limited and the same has been informed to the Debenture Trustee. The recovery expense fund shall be utilized for the purposes and in the manner as may be required under the applicable circulars / directions / notices / guidelines / regulations issued by SEBI from time to time.</p>

Conditions for breach of covenants	Conditions for breach of covenants shall be mentioned in the Trust Deed which will be executed within the time frame prescribed as per applicable law.
Risk factors pertaining to the issue	Kindly refer the section titled "Risk Factor" on page no. 4 in the Disclosure document dated 01 st June 2021.
Additional Risk factor	While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of offer document/ information Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.
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.
Validity	The offer is valid till 04 th June 2021. However, the Company reserves the right to change / modify the terms at any time without any notice during the period of this offer.

Option I- Series AA2021

Issue Size	Rs.100 Crores
Investors	Aditya Birla Sunlife Mutual Fund
Advisor	A. K. Capital Services Limited
Pay-in Date	04 th June 2021
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 04 th June 2021 whichever is later or any other day as the company may decide.
Tenor	1 year and 363 days from Deemed date of Allotment
Date of Maturity	02 nd June 2023
Coupon Rate	5.25% p.a.
Interest Payable	Annually
Interest Payment Dates	04 th June 2022 & on maturity 02 nd June 2023
Redemption	Redemption at par at the end of 1 year & 363 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 AA2021**

Cash Flows	Date	No. of days in Coupon period	Amount per Debenture (Rs.)
1st Coupon	Saturday 04 th June 2022	365	52,500.00
2nd Coupon	Friday 02 nd June 2023	363	52,212.33
Principal	Friday 02 nd June 2023		10,00,000.00

Option II- Series AB2021

Issue Size	Rs.500 Crores
Investors	SBI Mutual Fund – 200 Crores ICICI Prudential Mutual Fund – 300 Crores
Advisors	ICICI Securities Primary Dealership Limited – 200 Crores Incred Capital Wealth Portfolio Managers Private Ltd – 300 Crores
Pay-in Date	04 th June 2021
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 04 th June 2021 whichever is later or any other day as the company may decide.
Tenor	3 years from Deemed date of Allotment
Date of Maturity	04 th June 2024
Coupon Rate	(Benchmark + Spread) % p.a. payable annually
Spread	1.60% p.a. The spread will remain constant during the tenor of the instrument
Benchmark	Benchmark shall be arrived as simple average of the 3 month T-Bill's closing yields for previous 10 working days prior to the coupon reset date (rounded off to nearest two decimals). 3 month T-bill yield as published by Financial Benchmarks India Pvt. Ltd. ("FBIL") on the FBIL'S website https://www.fbil.org.in/ In case of non-availability of the rate from FBIL, the 3 month T-bill yield on Bloomberg shall be considered.
Coupon Reset Dates	The coupon rate shall be reset every quarter. <u>First Interest Payment</u> , the reset dates are 31 st May 2021, 1 st September 2021, 1 st December 2021 and 1 st March, 2022. <u>Second Interest Payment</u> , the reset dates are 1 st June 2022, 1 st September 2022, 1 st December 2022 and 1 st March, 2023. <u>Third Interest Payment</u> , the reset dates are 1 st June 2023, 1 st September 2023, 1 st December 2023 and 1 st March, 2024.
Initial Reset Coupon Rate	The coupon rate for the first reset date 31 st May, 2021 shall be simple average rate of 3 month T-bill from 14/05/21 to 28/05/21 i.e. 3.37% plus 1.60% that arrives to 4.97% p.a.
Interest Computation	The coupon shall be payable as a simple average of the coupon rates as on the coupon reset dates. First interest payment per debenture = 1000000 * No of days/365 * ((Coupon rate on 31 st May, 21 + 1 st September, 21 + 1 st December, 21 + 1 st March, 22) / 4 %). Similarly, second and third interest payment shall be computed depending on the day count basis.
Interest Payable	Annually
Interest Payment Dates	04 th June 2022, 04 th June 2023 & on maturity 04 th June 2024
Redemption	Redemption at par at the end of 3 years from the deemed date of allotment
Rating	"IND AAA / Stable" rating by India Ratings & Research

Annexure -A**Illustration of Bond Cash Flows for Series AB2021**

Cash Flows	Date	No. of days in Coupon period	Amount per Debenture (Rs.)
1st Coupon	Saturday, 04 th June 2022	365	Based on coupon reset*
2nd Coupon	Sunday, 04 th June 2023	365	Based on coupon reset*
3rd Coupon	Tuesday, 04 th June 2024	366	Based on coupon reset*
Principal	Tuesday, 04 th June 2024		10,00,000.00

* Refer to interest computation on page 5

Note (Option I & Option II)

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

Bidding Details

Bidding Open Date (T)	03 rd June, 2021
Bidding Close Date (T)	03 rd June, 2021
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

Thanking you,
Yours faithfully,

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



Authorised Signatory

Settlement details

- Successful Bidders to transfer funds from bank account(s) registered with BSE BOND to the bank account of ICCL to the extent of funds pay-in obligation on or before 10:30 hours on 04th June 2021
- The participants must ensure to do the funds pay-in from their same bank account which is updated by them in the BSE BOND (EBP) platform while placing the bids.
- The Designated Bank Accounts of ICCL are as under:

ICICI Bank :

Beneficiary Name: INDIAN CLEARING CORPORATION LTD
Account Number: ICCLEB
IFSC Code : ICIC0000106
Mode: NEFT/RTGS

YES Bank :

Beneficiary Name: INDIAN CLEARING CORPORATION LTD
Account Number: ICCLEB
IFSC Code : YESB0CMSNOC
Mode: NEFT/RTGS

HDFC Bank :

Beneficiary Name: INDIAN CLEARING CORPORATION LTD
Account Number: ICCLEB
IFSC Code : HDFC0000060
Mode: NEFT/RTGS

- For each issue, separate funds payment instructions should be given by the participants.
- Funds payment for each issue has to be initiated separately. The funds should not be clubbed for two different issues settling on the same day.

Thanking you,
Yours faithfully,

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



Authorised Signatory