

16th November 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

Security Name	7.45% - Mahindra & Mahindra Financial Services Limited –17 Nov 2031
Issue Amount Allotted	Rs. 375 Crores
Issuer	Mahindra & Mahindra Financial Services Limited
Investors	A K Capital Finance Limited – Rs. 30 Crores PNB Gilts Limited – Rs. 100 Crores ICICI Securities Primary Dealership Limited – Rs. 90 Crores Darashaw & Company Pvt Ltd – 20 Crores Tipsons Financial Services Pvt Ltd – 25 Crores Canara HSBC Oriental Bank Of Commerce Life Insurance Company Ltd – Rs. 25 Crores Taurus Finsec Pvt Ltd. – Rs.10 Crores OFB Tech Private Limited – Rs. 25 Crores JM Financial Products Limited – Rs. 50 Crores
Arrangers	PNB Gilts Limited ICICI Securities Primary Dealership Limited Darashaw & Company Pvt Ltd
Type of Instrument	Secured Redeemable Non-convertible Debentures
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private Placement
Trustees	Axis Trustee Services Ltd.
Listing (including name of stock Exchange(s) where it will be listed and timeline for 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, as amended from time to time. In case of delay in listing beyond the timelines specified above, the Issuer will pay penal interest of 1% p.a. over the Coupon Rate to the Debenture holders from the Deemed Date of Allotment till the listing of Debentures.
Rating of the Instrument	“IND AAA / Stable” rating by India Ratings & Research Private Limited “CARE AAA ; Stable” rating by Care Ratings Limited

Issue Size	Rs.100 Crores plus green shoe option upto Rs. 400 Crores
Option to retain oversubscription (Amount)	Rs. 375 Crores (Rs. 100 Crores Base issue plus Rs.275 Crores green shoe option)
Objects of the Issue	For the purpose of financing, repayment of dues of other financial institutions / Banks or for long-term working capital.
in case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	Not Applicable
Details of the utilization of the Proceeds	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
Coupon Rate	7.45% p.a.
Step Up/Step Down Coupon Rate 1	Not Applicable
Coupon Payment Frequency	Annually
Coupon payment dates	17 th November every year. Refer Annexure A
Coupon Type	Fixed
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)
Interest on Application Money	Not Applicable
Tenor	10 years from the Deemed Date of Allotment
Redemption Date	17 th November, 2031
Redemption Amount	Rs. 10,00,000/- per debenture
Redemption Premium /Discount	Not Applicable
Issue Price	Rs. 10,00,000/- per debenture

Discount at which security is issued and the effective yield as a result of such discount.	Not Applicable
Put Date	Not Applicable
Put Price	Not Applicable
Call Date	Not Applicable
Call Price	Not Applicable
Put Notification Time	Not Applicable
Call Notification Time	Not Applicable
Face Value	Rs.10,00,000/- per Debenture
Minimum Application and in multiples of Debt securities thereafter	10 Debentures and in multiples of 1 thereafter
Issue Timing	
1. Issue/Bid Opening Date	16 th November, 2021
2. Issue/Bid Closing Date	16 th November, 2021
3. Pay-in Date	17 th November, 2021
4. Deemed Date of Allotment	17 th November, 2021
Issuance mode of instrument	The Issuer will issue the debentures in dematerialized form.
Settlement mode of the Instrument	Through RTGS / NEFT / Fund Transfer. Refer to Settlement details.
Depository	NSDL & CDSL
Disclosure of Interest/Dividend / redemption dates	Refer to Annexure A
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 or as mentioned in the respective term sheet.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	The covenants mentioned in the Trust Deed will be executed within the time frame prescribed as per applicable law.
	Default in Payment:

	<p>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>
<p>Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer document/ Information Memorandum.</p>	<p>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.</p> <p>While the NCDs are secured to the tune of 100% of the principal and interest amount or as per the terms of 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. Further, the NCDs shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc.as applicable, or is independently verifiable by the debenture trustee</p>
Transaction Documents	Shelf Placement Memorandum, Term Sheet, Trust Deed, Board Resolution, Rating Rationale/ Rating Letter, Trustee Consent Letter, BSE In-principal Approval & Application Form
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> 1. The Issuer shall obtain the in-principle approval for listing on the WDM segment of the Stock Exchange; 2. The Issuer shall obtain the required due diligence certificate from the trustee. 3. Execution of Debenture trust Deed
Condition Subsequent to Disbursement	<ol style="list-style-type: none"> 1. Demat credit in the account(s) of the allottees 2. Filing of the return of allotment within the timelines specified under the Act and the rules made thereunder; 3. Completion of listing of the debentures on the WDM segment of the Stock Exchange;
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	Please refer paragraph "Events of Default" of the Shelf Placement Memorandum dated November 12, 2021

Creation of recovery expense fund	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.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	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.
Provisions related to Cross Default Clause	Not Applicable
Role and Responsibilities of Debenture Trustee	As defined in the debenture trust deed
Risk factors pertaining to the issue	Please refer paragraph "Risk factors" of the Shelf Placement Memorandum dated November 12, 2021
Governing Law and Jurisdiction	Please refer paragraph "Governing Law and Jurisdiction" of the Shelf Placement Memorandum dated November 12, 2021
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.
Consolidation of ISINs	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 17 th November, 2021. 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 AF2021**

Cash Flows	Date	No. of days in Coupon period	Amount per Debenture (Rs.)
1st Coupon	Thursday, 17-Nov-22	365	74,500.00
2nd Coupon	Friday, 17-Nov-23	365	74,500.00
3rd Coupon	Sunday, 17-Nov-24	366	74,500.00
4th Coupon	Monday, 17-Nov-25	365	74,500.00
5th Coupon	Tuesday, 17-Nov-26	365	74,500.00
6th Coupon	Wednesday, 17-Nov-27	365	74,500.00
7th Coupon	Friday, 17-Nov-28	366	74,500.00
8th Coupon	Saturday, 17-Nov-29	365	74,500.00
9th Coupon	Sunday, 17-Nov-30	365	74,500.00
10th Coupon	Monday, 17-Nov-31	365	74,500.00
Principal	Monday, 17-Nov-31		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

Bidding Details

Bidding Open Date (T)	16 th November, 2021
Bidding Close Date (T)	16 th November, 2021
Minimum Bid Lot	10 Debenture of Rs.10,00,000/ each
Manner of Bidding	Open Bidding
Manner of Allotment	Uniform yield allotment
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

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CIN - L65921MH1991PLC059642
Email : investorhelpline_mmfs@mahindra.com

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 17th November 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.,**

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