

# Mahindra FINANCE

## MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Our Company was incorporated at Mumbai as Maxi Motors Financial Services Limited on January 1, 1991 as a public limited company under the Companies Act, 1956, as amended with registration no. 11-059642 and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Mumbai ("RoC"). The name of our Company was changed to Mahindra & Mahindra Financial Services Limited and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on November 3, 1992. Our Company is registered as a deposit accepting non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. For further details, see the section titled "History, Main Objects and Key Agreements" on page 109 of the Shelf Prospectus. The Corporate Identification Number of our Company is L65921MH1991PLC059642.

**Registered Office:** Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra

**Tel:** +91 22 2289 5500; **Fax:** +91 22 2287 5485

**Corporate Office:** 4<sup>th</sup> Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018, Maharashtra

**Tel:** +91 22 6652 6000; **Fax:** +91 22 2495 3608

**Company Secretary and Compliance Officer:** Ms. Arnava M. Pardiwalla; **Tel:** +91 22 6652 6017; **Fax:** +91 22 2495 3608

**E-mail:** investorhelpline\_mmfs@mahindra.com; **Website:** www.mahindrafinance.com

**PUBLIC ISSUE BY MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED ("COMPANY" OR THE "ISSUER") OF SECURED REDEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF RS. 1,000 (INDIAN RUPEES ONE THOUSAND) EACH ("SECURED NCDS") AND/OR UNSECURED, SUBORDINATED, REDEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF RS. 1,000 (INDIAN RUPEES ONE THOUSAND) EACH ("UNSECURED NCDS") FOR AN AMOUNT AGGREGATING UP TO ₹ 500,00,00,000 ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO ₹ 30,00,00,000 AGGREGATING UP TO ₹ 35,00,00,00,000 ("TRANCHE I ISSUE") WHICH IS WITHIN THE SHELF LIMIT OF ₹ 1,00,00,00,00,000 AND IS BEING OFFERED BY WAY OF THIS TRANCHE I PROSPECTUS DATED DECEMBER 21, 2018 CONTAINING, INTER ALIA, THE TERMS AND CONDITIONS OF THE TRANCHE I ISSUE ("TRANCHE I PROSPECTUS"), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED DECEMBER 21, 2018 ("SHELF PROSPECTUS") FILED WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA, MUMBAI ("ROC"), DESIGNATED STOCK EXCHANGE AND SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"). THE SHELF PROSPECTUS AND TRANCHE I PROSPECTUS CONSTITUTES THE PROSPECTUS ("PROSPECTUS"). THE SECURED NCDS SHALL BE ALLOTTED FOR A VALUE OF UPTO ₹ 25,00,00,00,000 AND THE UNSECURED NCDS SHALL BE ALLOTTED FOR A VALUE OF UPTO ₹ 10,00,00,00,000 WITHIN THE OVERALL LIMIT OF ₹ 35,00,00,00,000. THE UNSECURED NCDS WILL BE ELIGIBLE FOR TIER II CAPITAL. THE TRANCHE I ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED (THE "SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.**

### PROMOTER

Our promoter is Mahindra & Mahindra Limited. For further details refer to the chapter "Our Promoter" on page 135 of the Shelf Prospectus.

### GENERAL RISKS

For taking an investment decision, investors must rely on their own examination of the Issuer and the Tranche I Issue, including the risks involved. Specific attention of the Investors is invited to the section titled "Risk Factors" on page 18 of the Shelf Prospectus and "Material Developments" on page 25 of this Tranche I Prospectus. This Tranche I Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), any registrar of companies or any stock exchange in India.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Tranche I Prospectus read together with Shelf Prospectus contains all information with regard to the Issuer. The information contained in this Tranche I Prospectus together with Shelf Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Tranche I Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For the details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount & Eligible Investors of the Bonds, see section titled "Terms of the Issue" on page 45 of this Tranche I Prospectus. For details relating to eligible investors please see "Issue Procedure" on page 66 of this Tranche I Prospectus.

### CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated 'CARE AAA (Triple A):Stable' for an amount of ₹ 10,000 crores, by Credit Analysis & Research Ltd. ("CARE") vide their letter dated September 29, 2018 and revaluated by revaluation letters dated October 31, 2018 and December 18, 2018 and 'IND AAA: Stable' for an amount of ₹ 10,000 crores, by India Ratings and Research Private Limited ("India Ratings") vide their letter dated October 3, 2018 and revaluated by revaluation letters dated November 2, 2018 and December 17, 2018. The rating of NCDs by CARE and India Ratings indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. For the rating letter and rationale for these ratings, see Annexure A and B of this Shelf Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

### LISTING

The NCDs offered through this Tranche I Prospectus are proposed to be listed on the BSE Limited ("BSE"). Our Company has received an 'in-principle' approval from the BSE vide their letter no. DCS/BM/PI-BOND/14/18-19 dated November 21, 2018. For the purposes of the Tranche I Issue BSE shall be the Designated Stock Exchange.

### PUBLIC COMMENTS

The Draft Shelf Prospectus dated November 5, 2018 was filed with BSE, the Designated Stock Exchange, pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of seven Working Days from the date of filing of the Draft Shelf Prospectus with the Designated Stock Exchange.

### LEAD MANAGERS TO THE TRANCHE I ISSUE



**EDELWEISS FINANCIAL SERVICES LIMITED**  
Edelweiss House  
Off CST Road, Kalina, Mumbai 400 098  
Maharashtra, India  
**Tel:** +91 22 4086 3535  
**Fax:** +91 22 4086 3610  
**Email:** mmfsl@edelweissfin.com  
**Investor Grievance Email:** customerservice.mb@edelweissfin.com  
**Website:** www.edelweissfin.com  
**Contact Person:** Mr. Lokesh Singhi / Mr. Mandeep Singh  
**SEBI Registration No.:** INM000010650



**A. K. CAPITAL SERVICES LIMITED**  
30-39 Free Press House, 3rd Floor,  
Free Press Journal Marg, 215, Nariman  
Point, Mumbai 400021  
**Tel:** +91 22 6754 6500  
**Fax:** +91 22 6610 0594  
**Email:** mmfslncd2018@akgroup.co.in  
**Investor Grievance Email:** investor.grievance@akgroup.co.in  
**Website:** www.akgroup.co.in  
**Contact Person:** Ms. Shilpa Pandey/ Mr. Malay Shah  
**SEBI Registration No.:** INM000010411



**AXIS BANK LIMITED**  
Axis House, 8th Floor, C-2,  
Wadia International Centre,  
P.B. Marg, Worli, Mumbai, 400025  
**Tel:** +91 22 6604 3293  
**Fax:** +91 22 2425 2800  
**Email:** mmfsl.nov2018@axisbank.com  
**Investor Grievance Email:** investor.grievance@axisbank.com  
**Website:** www.axisbank.com  
**Contact Person:** Mr. Vikas Shinde/ Mr. Sharad Sawant  
**SEBI Registration No.:** INM000006104



**ICICI SECURITIES LIMITED**  
ICICI Centre, H.T. Parekh Marg,  
Churchgate, Mumbai, 400020  
**Tel:** +91 22 2288 2460  
**Fax:** +91 22 2282 6580  
**Email:** mmfslncd2018@icicisecurities.com  
**Investor Grievance Email:** customercare@icicisecurities.com  
**Website:** www.icicisecurities.com  
**Contact Person:** Mr. Arjun Mehrotra/ Mr. Rishi Tiwari  
**SEBI Registration No.:** INM000011179



**SBI CAPITAL MARKETS LIMITED**  
202, Maker Tower 'E', Cuffe Parade, Mumbai  
400 005, Maharashtra, India  
**Tel:** +91 22 2217 8300  
**Fax:** +91 22 2218 8332  
**Email:** mmfsl2018@sbicaps.com  
**Investor Grievance e-mail:** investor.relations@sbicaps.com  
**Website:** www.sbicaps.com  
**Contact Person:** Navneet Kalra  
**SEBI Registration Number:** INM000003531

### LEAD MANAGERS TO THE TRANCHE I ISSUE



**TRUST INVESTMENT ADVISORS PRIVATE LIMITED**  
109/110, Balarama, Bandra Kurla  
Complex, Bandra (E), Mumbai 400  
051  
**Tel:** +91 22 4084 5000  
**Fax:** +91 22 4084 5007  
**Email:** mbd.trust@trustgroup.in  
**Investor Grievance email:** customercare@trustgroup.in  
**Website:** www.trustgroup.in  
**Contact Person:** Ms. Hani Jalan  
**SEBI Registration No.:** INM000011120



**YES SECURITIES (INDIA) LIMITED**  
IFC, Tower 1 & 2, Unit no. 602 A, 6th  
Floor, Senapati Bapat Marg, Elphinstone  
Road, Mumbai - 400 013  
**Tel:** +91 22 3012 6919  
**Fax:** +91 22 2421 4508  
**E-mail:** mmfslncd2018@yesscuritiesltd.in  
**Investor Grievance e-mail:** igc@yesscuritiesltd.in  
**Website:** www.yesinvest.in  
**Contact Person:** Mukesh Garg/ Pratik Pednekar  
**SEBI Registration Number:** MB/INM000012227

### DEBENTURE TRUSTEE



**AXIS TRUSTEE SERVICES LIMITED\***  
The Ruby, 2<sup>nd</sup> Floor, SW 29 Senapati Bapat Marg  
Dadar West, Mumbai- 400 028  
**Tel:** +91 22 62300451  
**Fax:** +91 22 62300700  
**Email:** debenturetrustee@axistrustee.com  
**Investor Grievance Email:** debenturetrustee@axistrustee.com  
**Website:** www.axistrustee.com  
**Contact Person:** Mr. Krishna Kumari  
**SEBI Registration Number:** IND000000494  
**CIN:** U74999MH2008PLC18226

### REGISTRAR TO THE ISSUE



**KARVY FINTECH PRIVATE LIMITED**  
Karvy Selenium Tower B, Plot 31-32,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad - 500 032  
**Tel:** +91 55  
**Fax:** +91 4023001153  
**Email:** einward.ris@karvy.com  
**Investor Grievance Email:** mahindrafinance.ncdipo2@karvy.com  
**Website:** www.karisma.karvy.com  
**Contact Person:** Mr. M Murali Krishna  
**SEBI Registration Number:** INR0000000221  
**CIN:** U74140TG2003PTC041636

### ISSUE PROGRAMME\*\*

TRANCHE I ISSUE OPENS ON: JANUARY 4, 2019

TRANCHE I ISSUE CLOSES ON: JANUARY 25, 2019

\*Axis Trustee Services Limited under regulation 4(4) of SEBI Debt Regulations has by its letter dated 31 October 2018 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in Tranche I Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue. A copy of the Shelf Prospectus and Tranche I Prospectus has been filed with the Registrar of Companies, Maharashtra, Mumbai in terms of section 26 and 31 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details please refer to the section titled "Material Contracts and Documents for Inspection" on page 101 of this Tranche I Prospectus.

\*\* The Tranche I Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Tranche I Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company ("Board") or Bond Issue Committee. In the event of an early closure or extension of the Tranche I Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper with wide circulation on or before such earlier or extended date of Tranche I Issue closure. On the Tranche I Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the BSE.

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## SECTION I-GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Tranche I Prospectus to “the Issuer”, “our Company”, “the Company” or “M&MFSL” or “MMFSL” or “Mahindra Finance” are to Mahindra & Mahindra Financial Services Limited, a public limited company incorporated under the Companies Act, 1956, as amended and replaced from time to time, having its registered office at Gateway Building, Apollo Bunder, Mumbai 400 001, Maharashtra. Unless the context otherwise indicates, all references in this Tranche I Prospectus to “we” or “us” or “our” are to our Company and its Subsidiaries and its Joint Venture, on a consolidated basis.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Tranche I Prospectus, and references to any statute or regulations or policies includes any amendments or re-enactments thereto, from time to time.

#### Company related terms

Term	Description
Articles/ Articles of Association/AoA	Articles of Association of our Company, as amended
Board/ Board of Directors	Board of Directors of our Company or a duly constituted committee thereof
Bond Issue Committee	The committee constituted by our Board of Directors by a board resolution dated October 25, 2016 and re-constituted on November 29, 2016
Consortium/ Syndicate	The Lead Managers and Consortium Members
Consortium Agreement	Agreement dated December 21, 2018 between the Company, the Lead Managers and the Consortium Members
Consortium Members	Edelweiss Securities Limited, A. K. Stockmart Private Limited, Axis Capital Limited, SBICAP Securities Limited, Trust Securities Services Private Limited, Trust Financial Consultancy Services Private Limited
Corporate Office	4 <sup>th</sup> Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018, Maharashtra
Director	Director of our Company, unless otherwise specified
Equity Shares	Equity shares of our Company of face value of ₹ 2 each
Joint Venture	The joint venture of our Company, Mahindra Finance USA LLC
Limited Review Financials / Limited Review Financial Results	The unaudited standalone financial results of the Company for the half year ended 30 September 2018 submitted by the Company to the Stock Exchange pursuant to the requirements of Regulation 33 of the SEBI LODR Regulations
MAMCPL	Our subsidiary, Mahindra Asset Management Company Private Limited
MIBL	Our subsidiary, Mahindra Insurance Brokers Limited
MRHFL	Our subsidiary, Mahindra Rural Housing Finance Limited
MTCPL	Our subsidiary, Mahindra Trustee Company Private Limited
Memorandum/ Memorandum of Association/ MoA	Memorandum of Association of our Company, as amended
Preference Shares	Preference shares of our Company of face value of ₹ 100 each
Reformatted Consolidated Financial Information	<p>The statement of reformatted consolidated summary statement of assets and liabilities as at 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014, the reformatted consolidated summary statement of profit and loss and the reformatted consolidated summary statement of cash flows for each of the years ended 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014 and the summary of significant accounting policies as examined by our Company’s Statutory Auditors, B S R &amp; Co. LLP, Chartered Accountants.</p> <p>Our audited consolidated financial statements as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 form the basis for such Reformatted Consolidated Financial Information.</p>

<b>Term</b>	<b>Description</b>
Reformatted Standalone Financial Information	The statement of reformatted standalone summary statement of assets and liabilities as at 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014, the reformatted standalone summary statement of profit and loss and the reformatted standalone summary statement of cash flows for each of the years ended 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014 and the summary of significant accounting policies as examined by our Company's Statutory Auditors, B S R & Co. LLP, Chartered Accountants  Our audited standalone financial statements as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 form the basis for such Reformatted Standalone Financial Information.
Reformatted Financial Information	Reformatted Consolidated Financial Information and Reformatted Standalone Financial Information
Registered Office	Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra
RoC	Registrar of Companies, Maharashtra, Mumbai
Statutory Auditors/Auditors	B S R & Co. LLP, Chartered Accountants
Subsidiaries	The subsidiaries of our Company, as mentioned in the section titled " <i>Our Subsidiaries</i> " on page 112 of the Shelf Prospectus

#### Issue related terms

<b>Term</b>	<b>Description</b>
Abridged Prospectus	A memorandum containing the salient features of Shelf Prospectus and Tranche I Prospectus
Allotment/ Allot/ Allotted	Unless the context otherwise requires, the issue and allotment of the NCDs pursuant to the Issue to the successful Allottees
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
Allottee(s)	The successful Applicant to whom the NCDs are Allotted either in full or part, pursuant to the Issue
Applicant/ Investor/ ASBA Applicant	A person who applies for the issuance and Allotment of NCDs through ASBA process pursuant to the terms of the Draft Shelf Prospectus, the Shelf Prospectus, Tranche I Prospectus, Abridged Prospectus and the Application Form for this Tranche I Issue
Application/ ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of the Shelf Prospectus and Tranche I Issue.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for this Tranche I Issue
Application Form/ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the Application for Allotment of NCDs in terms of the Draft Shelf Prospectus, in terms of the Shelf Prospectus and this Tranche I Prospectus
"Application Supported by Blocked Amount" or "ASBA Application" or "Application"	The application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the bid amount in the specified bank account maintained with such SCSB
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Application Amount of an ASBA Applicant
ASBA Circular	Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018
Axis	Axis Bank Limited
A. K./ A. K. Capital	A. K. Capital Services Limited
Banker(s) to the Issue	Collectively the Public Issue Account Banks and Refund Bank(s)
Base Issue Size	₹ 500,00,00,000

<b>Term</b>	<b>Description</b>
Basis of Allotment	Please refer to the chapter titled “ <i>Issue Procedure</i> ” on page 66 of this Tranche I Prospectus
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Consortium Members, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchange
BWR/ Brickwork	Brickwork Ratings India Private Limited
BSE	BSE Limited
CARE	Credit Analysis & Research Limited
Coupon Rate	Please see the section titled “ <i>Terms of the Issue</i> ” on page 45 of this Tranche I Prospectus
Category I Investor	<ul style="list-style-type: none"> <li>• Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs;</li> <li>• Provident funds, pension funds with a minimum corpus of ₹2,500 lakh, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;</li> <li>• Mutual Funds registered with SEBI;</li> <li>• Resident Venture Capital Funds/ Alternative Investment Fund registered with SEBI, subject to investment conditions applicable to them under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</li> <li>• Insurance Companies registered with IRDA;</li> <li>• State industrial development corporations;</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>• Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than ₹50,000 lakh as per the last audited financial statements; and</li> <li>• National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.</li> </ul>
Category II Investor	<ul style="list-style-type: none"> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013;</li> <li>• Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>• Co-operative banks and regional rural banks;</li> <li>• Public/private charitable/ religious trusts which are authorised to invest in the NCDs;</li> <li>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>• Association of Persons; and</li> <li>• Any other incorporated and/ or unincorporated body of persons.</li> </ul>
Category III Investor	High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 lakhs across all series of NCDs in Issue

<b>Term</b>	<b>Description</b>
Category IV Investor	Retail Individual Investors which include Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10 lakhs across all series of NCDs in Issue
CDP/ Collecting Depository Participant	A depository participant as defined under the Depositories Act, 1996 and registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations
Credit Rating Agencies	For the present Issue, the credit rating agencies, being CARE and India Ratings
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
CRISIL	CRISIL Limited
CRISIL Industry Report(s)	CRISIL Research on Retail Finance – Auto dated November 2, 2018, CRISIL Research on Retail Finance – Housing dated November 2, 2018, CRISIL Research on Retail Finance – Cars and Utility Vehicles dated November 2, 2018 and CRISIL Research on Retail Finance – Tractors dated November 2, 2018
Debenture Holder (s) / NCD Holder(s)	The holders of the NCDs whose name appears in the database of the Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law
Debenture Trustee Agreement	The agreement dated November 1, 2018 entered into between the Debenture Trustee and our Company
Debenture Trust Deed(s)	The Secured Debenture Trust Deed and/or Unsecured Debenture Trust Deed to be entered into between the Debenture Trustee and the Company (either collectively or individually) which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements
Debenture Trustee/ Trustee	Debenture Trustee for the Debenture holders, in this Issue being Axis Trustee Services Limited
Debt Application Circular(s)	Circular no. CIR/IMD/DF – 1/20/ 2012 issued by SEBI on July 27, 2012 and Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018
Deemed Date of Allotment	The date on which the Board of Directors or the Bond Issue Committee approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors or the duly constituted committee and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant, such as his address, occupation, bank account details, Category, PAN for printing on refund orders which are based on the details provided by the Applicant in the Application Form
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL)
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on <a href="http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html</a> or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the respective websites of the Stock Exchange ( <a href="http://www.bseindia.com">www.bseindia.com</a> ) as updated from time to time

<b>Term</b>	<b>Description</b>
Designated Date	The date on which Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Account to the Public Issue Account(s) or to the Refund Account, as appropriate, in terms of the Shelf Prospectus and relevant Tranche Prospectus and the Public Issue Account Agreement
Designated Intermediary(ies)	Collectively, the Lead Managers, the Consortium Members, sub-brokers, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchange
Designated Stock Exchange	BSE
Direct Online Application	The Application made using the online interface and online payment facility of the Stock Exchange, as applicable. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialized form
Draft Shelf Prospectus	The Draft Shelf Prospectus dated November 5, 2018, filed by our Company with the Designated Stock Exchange for receiving public comments, in accordance the Regulation 6(2) of the SEBI Debt Regulations and to SEBI for record purpose
Edelweiss	Edelweiss Financial Services Limited
ICICI	ICICI Securities Limited
India Ratings	India Ratings and Research Private Limited
Interest Payment Date/Coupon Payment Date	For Series I, Series II, Series III and Series IV NCDs, where the interest is to be paid on an annual basis, interest will be computed upto March 31 <sup>st</sup> every year and paid on April 1 <sup>st</sup> every year for the amount outstanding. The first interest payment will be made on April 1, 2019 for the period commencing from the Deemed Date of Allotment till March 31, 2019. The last interest payment will be made at the time of maturity of the NCD on a pro rata basis for the days from April 1 <sup>st</sup> to the date of redemption. If any Coupon/Interest Payment Date falls on a day that is not a Working Day, the payment shall be made on the immediately next Working Day. Please see the section titled “ <i>Terms of the Issue- Interest and Payment of Interest on NCDs</i> ” on page 52 of this Tranche 1 Prospectus.
Issue Agreement	The Issue Agreement dated November 5, 2018 entered between the Company and the Lead Managers
Tranche I Issue Closing Date	January 25, 2019
Tranche I Issue Opening Date	January 4, 2019
Tranche I Issue Period	The period between the Tranche I Issue Opening Date and the Tranche I Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms
Lead Managers/ LMs	Edelweiss Financial Services Limited, A. K. Capital Services Limited, Axis Bank Limited, ICICI Securities Limited, SBI Capital Markets Limited, Trust Investment Advisors Private Limited, YES Securities (India) Limited
Market Lot	1 NCD
NCDs	Secured and/or Unsecured subordinated, redeemable, non-convertible debentures of face value of ₹1,000 each.
Offer Document	The Draft Shelf Prospectus, the Shelf Prospectus, relevant Tranche Prospectus and Abridged Prospectus
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Public Issue Account	Account(s) opened with the Bankers to the Issue to receive monies from the ASBA Accounts on the Designated Date

Term	Description
Public Issue Account Bank	HDFC Bank Limited and Axis Bank Limited
Public Issue Account Agreement	Agreement dated December 21, 2018 entered amongst our Company, the Registrar, the Public Issue Account Bank, the Refund Bank and the Lead Managers for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days (as specified under Tranche I Prospectus) prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors or the Debentures Committee from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be In case Record Date falls on a day when Stock Exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date
Redemption Amount	Please see the section titled “ <i>Terms of the Issue</i> ” on page 45 of this Tranche I Prospectus
Redemption Date	Please see the section titled “ <i>Terms of the Issue</i> ” on page 45 of this Tranche I Prospectus
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in relevant Tranche Prospectus
Refund Bank	Axis Bank Limited
Register of Debenture holders	The Register of Debenture holders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013
Registrar to the Issue/ Registrar	Karvy Fintech Private Limited
Registrar Agreement	Agreement dated November 2, 2018 entered into between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registered Brokers or Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Consortium Members and eligible to procure Applications from Applicants
SBICAP	SBI Capital Markets Limited
Series	Collectively the Series of NCDs being offered to the Applicants as stated in the section titled “ <i>Issue Related Information</i> ” beginning on page 40 of this Tranche I Prospectus
Secured NCDs	Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000/- each
Secured Debenture Holder (s) /Secured NCD Holder(s)	The holders of the Secured NCDs whose name appears in the database of the Depository and/or the register of Secured NCD Holders (if any) maintained by our Company if required under applicable law
Secured Debenture Trust Deed	The trust deed to be entered between the Debenture Trustee and the Company which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements, for creating appropriate security, in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs and the interest due thereon issued pursuant to the Issue
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <a href="http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html</a> or at such other website as may be prescribed by SEBI from time to time



<b>Term</b>	<b>Description</b>
Shelf Limit	The aggregate limit of the Issue, being ₹ 1,00,00,00,00,000 to be issued under the Shelf Prospectus through one or more Tranche Issues.
Shelf Prospectus	The Shelf Prospectus to be filed by our Company with the SEBI, BSE and the RoC in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations
Simplified Listing Agreement	The Listing Agreement entered into between our Company and the relevant stock exchange(s) in connection with the listing of the debt and equity securities of our Company
Specified Cities/ Specified Locations	Bidding Centres where the Member of the Consortium shall accept Application Forms from Applicants a list of which is available on the website of the SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Stock Exchange	BSE Limited
Subordinated Debt	Subordinated Debt means a fully paid up instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument shall be subjected to discounting as provided hereunder: Remaining maturity of the instruments and rate of discount (a) up to one year 100% (b) more than one year but up to two years 80% (c) more than two years but up to three years 60% (d) more than three years but up to four years 40% (e) more than four years but up to five years 20% to the extent such discounted value does not exceed fifty per cent of Tier I capital
Syndicate Bidding Centres	Syndicate Bidding Centers established for acceptance of Application Forms.
Syndicate ASBA Application Locations	ASBA Applications through the Lead Managers, Consortium Members, sub-brokers or the Trading Members of the Stock Exchange or the Designated Intermediaries
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Tier I capital	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year

Term	Description
Tier II capital	Tier-II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier-I capital
Tenor	Please see the section titled “ <i>Terms of the Issue</i> ” on page 45 of this Tranche I Prospectus
Transaction Registration Slip or TRS or Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Trading Members	Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by the Stock Exchange
Tranche Issue	Issue of the NCDs pursuant to the respective Tranche Prospectus
Tranche I Issue	Public issue of secured, redeemable, non-convertible debentures of face value of INR 1,000 (Indian Rupees One Thousand) each and/ or unsecured, subordinated, redeemable, non-convertible debentures of face value of INR 1,000 (Indian Rupees One Thousand) each for an amount aggregating ₹ 500,00,00,000 with an option to retain oversubscription up to ₹ 30,00,00,00,000 aggregating up to ₹ 35,00,00,00,000. The Secured NCDs shall be allotted for a value of upto ₹ 25,00,00,00,000 and the Unsecured NCDs shall be allotted for a value of upto ₹ 10,00,00,00,000 within the overall limit of ₹ 35,00,00,00,000. The Unsecured NCDs will be eligible for Tier II capital.
Tranche Prospectus	The respective Tranche Prospectus(es) containing the details of NCDs including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection, in respect of the relevant Tranche Issue
Tranche I Prospectus	This Tranche I Prospectus containing, inter alia, the details of NCDs including interest, other terms and conditions
Tripartite Agreements	Tripartite agreement dated August 19, 2016 among our Company, the Registrar and CDSL and tripartite agreement dated May 25, 2016 among our Company, the Registrar and NSDL
Trust	Trust Investment Advisors Private Limited
Unsecured Debenture Trust Deed	The trust deed to be entered between the Debenture Trustee and the Company which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements, for the benefits of timely payment of interest and principal
Unsecured NCDs	NCDs offered under this Issue which are listed, rated, subordinated, redeemable, non-convertible debentures and are not secured by any charge on the assets of Issuer and which will be eligible for Tier II capital
Unsecured Debenture Holder (s) / Unsecured NCD Holder(s)	The holders of the Unsecured NCDs whose name appears in the database of the Depository and/or the register of Unsecured NCD Holders (if any) maintained by our Company if required under applicable law

<b>Term</b>	<b>Description</b>
Working Day(s)/ Business Day(s)	Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Tranche I Issue Closing Date to listing of the NCDs, Working Days shall be all trading days of stock exchanges excluding Sundays and bank holidays in Mumbai
Wilful Defaulter	A Person or a company categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorized as such
YES/YES Securities	YES Securities (India) Limited

### Conventional and general terms or abbreviation

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
₹ or Rupees or ₹ or Indian Rupees or INR or Rs.	The lawful currency of India
ACH	Automated Clearing House
AGM	Annual General Meeting
AS	Accounting Standards issued by Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amount
Billion	100,00,00,000 (One hundred crores)
Creore	1,00,00,000 (One hundred lakhs)
CDSL	Central Depository Services (India) Limited
CEIC	Census Economic Information Centre
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have an effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act 2013	Companies Act, 2013, as amended and, to the extent in force pursuant to the notification of sections by the Ministry of Corporate Affairs, Government of India as of the date of this Tranche I Prospectus, along with the relevant rules made thereunder
CRAR	Capital to Risk-Weighted Assets Ratio
CSR	Corporate Social Responsibility
ECS	Electronic Clearing Scheme
ESOP	Employee Stock Option Scheme
Depositories Act	Depositories Act, 1996, as amended read with regulations framed thereunder
Depository(ies)	CDSL and NSDL
DIN	Director Identification Number
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996
DP ID	Depository Participant's Identity Number
DRR	Debenture Redemption Reserve
FDI	Foreign Direct Investment
FDI Policy	The Government policy and the regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) issued by the Government of India prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended
Financial Year / FY/ Fiscal/Fiscal Year	Period of 12 months ended March 31 of that particular year
FIR	First Information Report
GDP	Gross Domestic Product

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
GoI or Government	Government of India
GST	Goods and Services Tax
HNI	High Networth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
Income Tax Act	Income Tax Act, 1961
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India
IRDA	Insurance Regulatory and Development Authority
IT	Information Technology
LIBOR	London Inter-Bank Offered Rate
MCA	Ministry of Corporate Affairs, GoI
Million	10,00,000 (Ten lakhs)
MoF	Ministry of Finance, GoI
NBFC	Non Banking Financial Company, as defined under applicable RBI guidelines
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
N.I. Act	Negotiable Instruments Act, 1881, as amended
NRI or deNon-Resident	A person resident outside India, as defined under the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934 as amended
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

#### **Business/ Industry related terms**

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
ALCO	Asset Liability Management Committee
AUM	Asset Under Management (Loans & Advances)
AMC	Asset Management Company
ECBs	External Commercial Borrowing
FCNR	Foreign Currency Non-Resident
HFC	Housing Financing Company
IFC	Infrastructure Finance Company
IRDA	Insurance Regulatory and Development Authority
ISO	International Organization for Standardization
LIC	Life Insurance Corporation of India
LTV	Loan to value ratio
MICR	Magnetic Ink Character Recognition
MoU	Memorandum of Understanding
NHB	National Housing Board
NPAAs	Non-Performing Assets

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
RBI	Reserve Bank of India
UTI	Unit Trust of India
WCDL	Working Capital Demand Loan.
XIRR	Internal rate of return for irregular cash flows.
Yield	Ratio of interest income to the daily average of interest earning assets.

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled “*Capital Structure*”, “*Regulations and Policies*”, “*History, Main Objects and Key Agreements*”, “*Statement of Tax Benefits*”, “*Our Management*”, “*Financial Indebtedness*”, “*Outstanding Litigation and Defaults*” and “*Issue Procedure*” on pages 49, 188, 109, 69,116, 150, 176, and 225 respectively will have the meanings ascribed to them in such sections of the Shelf Prospectus.

## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

All references in this Tranche I Prospectus to “**India**” are to the Republic of India and its territories and possessions.

### **Presentation of Financial Information**

Our Company publishes its financial statements in Rupees. Our Company’s financial statements for the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act read with General Circular 8/2014 dated April 4, 2014. With effect from 1 April 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies dated 18 January 2016, for financial reporting purposes, the Company has followed the Accounting Standards issued by the ICAI specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 (“**Ind AS**”).

The Reformatted Standalone Financial Information and the Reformatted Consolidated Financial Information s are included in the Shelf Prospectus and collectively referred to hereinafter as the “**Reformatted Financial Information**”. The examination reports on the Reformatted Financial Information as issued by our Company’s Statutory Auditor, B S R & Co. LLP, Chartered Accountants, are included in the Shelf Prospectus in the section titled “**Financial Statements**” beginning at page 145 of the Shelf Prospectus.

The unaudited standalone financial results of the Company for the half year ended 30 September 2018 submitted by the Company to the Stock Exchange pursuant to the requirements of Regulation 33 of the SEBI LODR Regulations (“**Limited Review Financial Results**”) are included in the Shelf Prospectus in the section titled “**Financial Statements**” beginning at page 145 of the Shelf Prospectus.

Unless stated otherwise, the financial data used in this Tranche I Prospectus is derived from our Company’s audited financial statements as at and for the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 prepared in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act and other applicable statutory and / or regulatory requirements.

Unless stated otherwise, the financial data used in this Tranche I Prospectus as at and for the half year ended September 30, 2018 prepared in accordance with Ind AS, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act and other applicable statutory and / or regulatory requirements.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, macroeconomic and industry data used throughout this Tranche I Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Tranche I Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Tranche I Prospectus is meaningful depends on the readers’ familiarity with and understanding of methodologies used in compiling such data.

The methodologies and assumptions may vary widely among different industry sources. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. We have relied on the CRISIL Industry Report for industry related data that has been disclosed in the Shelf Prospectus.

Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those

disclosed in ***“Internal Risk Factor no. 47 – We have relied on third party industry reports which have been used for industry related data in the Shelf Prospectus and such data have not been independently verified by us”*** on page no. 34 of the Shelf Prospectus.

While we have compiled, extracted and reproduced data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Lead Managers have independently verified this data and neither we nor the Lead Managers make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Managers can assure potential investors as to their accuracy.

### **Currency and Unit of Presentation**

In this Tranche I Prospectus, references to “₹”, “**Indian Rupees**”, “**INR**”, “**₹**”, “**Rs.**” and “**Rupees**” are to the legal currency of India, references to “**US\$**”, “**USD**”, and “**U.S. dollars**” are to the legal currency of the United States of America, as amended from time to time. Except as stated expressly, for the purposes of this Tranche I Prospectus, data will be given in ₹ in lakhs.

Except where stated otherwise in this Tranche I Prospectus, all figures have been expressed in ₹ in lakhs.

Certain figures contained in this Tranche I Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

India has decided to adopt the “Convergence of its existing standards with IFRS” referred to as the “Indian Accounting Standards” or “Ind AS”. In terms of a notification released by the MCA, our Company is required to prepare its financial statements in accordance with Ind AS for accounting periods beginning on April 1, 2018. Accordingly, our financial statements for the half year ending on September 30, 2018 prepared under Ind AS, may not be comparable.

There are significant differences between Indian GAAP and Ind AS. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

### **Industry and Market Data**

Any industry and market data used in this Tranche I Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including CRISIL, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Tranche I Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Tranche I Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

### **Disclaimer of CRISIL:**

*CRISIL Research, a division of CRISIL Limited (“CRISIL”) has taken due care and caution in preparing this report (“Report”) based on the information obtained by CRISIL from sources which it considers reliable (“Data”). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of*

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## Exchange Rates

The exchange rates (in ₹) of the USD as for last 5 years are provided below:

Currency	September 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
USD	72.55	65.17	64.84	66.33	62.59	60.10

*In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.*

*Further, in case of specific provision in the loan agreement for a rate other than the RBI rate, the rate has been taken as prescribed as in the respective loan agreement.*

In this Tranche I Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.



## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Tranche I Prospectus that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Tranche I Prospectus that are not historical facts. All statements contained in this Tranche I Prospectus that are not statements of historical fact constitute “forward-looking statements” and are not forecasts or projections relating to our Company’s financial performance. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- our ability to manage our credit quality;
- interest rates and inflation in India;
- volatility in interest rates for our lending and investment operations as well as the rates at which our Company borrows from banks/financial institution;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition from our existing as well as new competitors;
- change in the government regulations;
- availability of adequate debt and equity financing at commercially acceptable terms;
- performance of the Indian debt and equity markets;
- demand for our products and services;
- performance of the new and pre-owned vehicles industry;
- OEM and employee relationships;
- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in the Shelf Prospectus, including under the section titled “**Risk Factors**” on page 18 of the Shelf Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled “**Our Business**” and “**Outstanding Litigations and Defaults**” on pages 88 and 176 respectively of the Shelf Prospectus. The forward-looking statements contained in this Tranche I Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date of this Tranche I Prospectus, our Company cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors and its officers, nor any of their respective affiliates or associates, Lead Managers nor any of its Directors and its officers have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI Debt Regulations, our Company, the Lead Managers will ensure that investors in India are informed of material developments between the date of filing the Shelf Prospectus and this Tranche I Prospectus with the ROC and the date of the Allotment.

## SECTION II-INTRODUCTION

### GENERAL INFORMATION

Our Company was incorporated on January 1, 1991, as Maxi Motors Financial Services Limited as a public limited company under the provisions of the Companies Act, 1956 and was granted a certificate of incorporation by the RoC. The name of our Company was changed to Mahindra & Mahindra Financial Services Limited and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on November 3, 1992.

#### **Registered Office**

Gateway Building, Apollo Bunder, Mumbai, – 400 001, Maharashtra, India.  
Tel: +91 22 2289 5500; Fax: +91 22 2287 5485  
E-mail: investorhelpline\_mmfsl@mahindra.com;  
Website: www.mahindrafinance.com

#### **Corporate Office**

Mahindra Towers, 4<sup>th</sup> Floor,  
Dr. G M. Bhosale Marg,  
P K. Kurne Chowk, Worli,  
Mumbai - 400 018, Maharashtra, India.  
Tel: +91 22 6652 6017; Fax: +91 22 2495 3608  
E-mail: investorhelpline\_mmfsl@mahindra.com;  
Website: www.mahindrafinance.com

#### **Registration**

Corporate Identification Number: L65921MH1991PLC059642 issued by the RoC.

Our Company holds a certificate of registration dated September 4, 1998 bearing number 13.00996 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934 which has been renewed on March 21, 2007.

#### **Chief Financial Officer**

Mr. Ravi Venkatraman  
Mahindra & Mahindra Financial Services Limited  
Mahindra Towers, 4<sup>th</sup> Floor, Dr. G M. Bhosale Marg,  
P K. Kurne Chowk, Worli, Mumbai –400 018  
Tel: +91 22 66526000  
Fax: +91 22 24984170/71  
Email: ravi.v@mahindra.com

#### **Compliance Officer & Company Secretary**

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

Ms. Arnavaz M. Pardiwalla  
*Company Secretary*  
Mahindra & Mahindra Financial Services Limited  
Mahindra Towers, 4<sup>th</sup> Floor, Dr. G M. Bhosale Marg,  
P K. Kurne Chowk, Worli, Mumbai –400 018  
Tel: +91 22 6652 6000 (Board) / 6652 6017  
Fax: +91 22 24984170/71  
Email: investorhelpline\_mmfsl@mahindra.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the and the Bidding Centre of the relevant members of the Lead Managers where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchanges Mechanism or through Trading Members may be addressed directly to the Stock Exchange.

### **Lead Managers**

#### **Edelweiss Financial Services Limited**

Edelweiss House  
Off CST Road, Kalina  
Mumbai 400 098  
Tel: +91 22 4086 3535  
Fax: +91 22 -4086 3610  
Email: mmfslncd@edelweissfin.com  
Investor Grievance Email: customerservice.mb@edelweissfin.com  
Website: www.edelweissfin.com  
Contact Person: Mr. Lokesh Singhi / Mr. Mandeep Singh  
Compliance Officer : Mr B. Renganathan  
Email (Compliance Officer) : customerservice.mb@edelweissfin.com  
Tel (Compliance Officer) : +91 22 4086 3535  
SEBI Registration No.: INM0000010650  
CIN: L99999MH1995PLC094641

#### **A. K. Capital Services Limited**

30-39, Free Press House, 3<sup>rd</sup> Floor,  
Free Press Journal Marg,  
215, Nariman Point,  
Mumbai – 400 021  
Tel: +91 22 6754 6500/ 6634 9300  
Fax: + 91 22 6610 0594  
Email: mmfslncd2018@akgroup.co.in  
Investor Grievance Email: investor.grievance@akgroup.co.in  
Website: www.akgroup.co.in  
Contact Person: Ms. Shilpa Pandey/ Mr. Malay Shah  
Compliance Officer: Mr. Tejas Davda  
Email (Compliance Officer): investor.grievance@akgroup.co.in  
Tel (Compliance Officer): +91 22 6754 6500/ 6634 9300  
CIN: L74899MH1993PLC274881

#### **Axis Bank Limited**

Axis House, 8th Floor, C-2,  
Wadia International Centre,  
P.B. Marg, Worli,  
Mumbai, 400025  
Tel: +91 22 6604 3293  
Fax: +91 22 2425 2800  
Email: mmfsl.nov2018@axisbank.com  
Investor Grievance Email: investor.grievance@ axisbank.com  
Website: www.axisbank.com  
Contact Person: Mr. Vikas Shinde  
Compliance Officer: Mr. Sharad Sawant  
SEBI Registration No.: INM000006104

CIN: L65110GJ1993PLC020769

**ICICI Securities Limited**

ICICI Centre, H.T. Parekh Marg,  
Churchgate, Mumbai, 400020  
Tel: +91 22 2288 2460  
Fax: +91 22 2282 6580  
Email: mmfslncd2018@icicisecurities.com  
Investor Grievance Email: customercare@icicisecurities.com  
Website: www.icicisecurities.com  
Contact Person: Mr. Arjun A Mehrotra/ Mr. Rishi Tiwari  
Compliance Officer: Ms. Sonali Chandak  
SEBI Registration No.: INM000011179  
CIN: L67120MH1995PLC086241

**SBI Capital Markets Limited**

202, Maker Tower 'E', Cuffe Parade,  
Mumbai 400 005, Maharashtra, India  
Tel: +91 22 2217 8300  
Fax: +91 22 2218 8332  
Email: mmfsl2018@sbicaps.com  
Investor Grievance e-mail: investor.relations@sbicaps.com  
Website: www.sbicaps.com  
Contact Person: Mr. Navneet Kalra  
Compliance officer: Mr. Bhaskar Chakraborty  
SEBI Registration Number: INM000003531  
CIN: U99999MH1986PLC040298

**Trust Investment Advisors Private Limited**

109/110, Balarama, Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051  
Tel: (+91 22) 4084 5000  
Fax: (+91 22) 4084 5007  
Email: mbd.trust@trustgroup.in  
Investor Grievance Email: customercare@trustgroup.in  
Website: www.trustgroup.in  
Contact Person: Ms. Hani Jalan  
Compliance Officer: Mr. Ankur Jain  
SEBI Registration No.: INM000011120  
CIN: U67190MH2006PTC162464

**YES Securities (India) Limited**

IFC, Tower 1 & 2, Unit no. 602 A, 6th Floor,  
Senapati Bapat Marg, Elphinstone Road,  
Mumbai – 400 013  
Tel: +91 22 3012 6919  
Fax: +91 22 2421 4508  
E-mail: mmfslncd2018@yessecuritiesltd.in  
Investor Grievance e-mail: igc@yessecuritiesltd.in  
Website: www.yesinvest.in  
Contact Person: Mukesh Garg/ Pratik Pednekar  
Compliance Officer: Dr. Dhanraj Uchil  
SEBI Registration Number: MB/INM000012227  
CIN: U74992MH2013PLC240971

**Consortium Members**

**Edelweiss Securities Limited**

2nd Floor, MB Towers, Plot No. 5,  
Road No. 2, Banjara Hills,

Hyderabad – 500 034,  
Telangana, India  
Email: Prakash.boricha@edelweissfin.com, Amit.dalvi@edelweissfin.com  
Contact Person: Mr. Prakash Boricha, Mr. Amit Dalvi  
Telephone: +91 22 6747 1342/ 1343  
Website: www.edelweissfin.com / www.edelweiss.in  
Compliance officer: Mr. Atul Bapna  
Investor Grievance Email: helpdesk@edelweiss.in  
SEBI Registration No.: INZ000166136  
CIN: U67110AP1993PLC052266

**A. K. Stockmart Private Limited**

30-39, Free Press House, 3rd Floor,  
Free Press Journal Marg,  
215, Nariman Point,  
Mumbai – 400 021  
Tel: +91 22 6754 6500  
Fax: + 91 22 6610 4666  
Email: ankit@akgroup.co.in / ranjit.dutta@akgroup.in  
Investor Grievance Email: investorgrievance@akgroup.co.in  
Website: www.akgroup.co.in  
Contact Person: Mr. Ankit Gupta/ Mr. Ranjit Dutta  
Compliance Officer: Mr. Ankit Gupta  
SEBI Registration No.: NSE:INB231269532; BSE:INB011269538  
CIN: U67120MH2006PTC158932

**Axis Capital Limited**

Axis House, Level 1, C-2, Wadia International Centre,  
P.B. Marg, Worli, Mumbai – 400025, India  
Email: Ajay.sheth@axiscap.in / Vinayak.ketkar@axiscap.in  
Telephone: +91 22 4325 3110  
Facsimile: +91 22 4325 3000  
Website: www.axiscapital.co.in  
Contact person: Mr. Ajay Sheth / Mr. Vinayak Ketkar  
Compliance officer: Mr. Natarajan M.  
SEBI Registration No.: INM000012029  
CIN: U51900MH2005PLC157853

**SBICAP Securities Limited**

Marathon Futurex, A& B Wing, 12 Floor, N.M. Joshi Marg,  
Lower Parel, Mumbai, 400013  
Tel: +91 22 4227 3346  
Fax: +91 22 4227 3390  
Email: archana.dedhia@sbicapsec.com  
Investor grievance email: complaints@sbicapsec.com  
Website: www.sbismart.com  
Contact person: Ms. Archana Dedhia  
Compliance Officer: Dhanashri Kenkre  
SEBI Registration No: NSE: INB231052938 and BSE: INB011053031  
CIN: U65999MH2005PLC155485

**Trust Securities Services Private Limited**

1101, Naman Centre, G Block,  
Bandra Kurla Complex,  
Bandra East, Mumbai 400051  
Tel: +91 22 4084 5000  
Fax: +91 22 4084 5007  
Email: avani.dalal@trustgroup.in  
Investor grievance email: grievances@trustgroup.in  
Website: www.trustgroup.in

Contact person: Ms. Avani Dalal  
Compliance Officer: Mr. Sanyog Murdia  
SEBI Registration No: BSE: INZ000158031  
CIN: U65929MH2016PTC287266

**Trust Financial Consultancy Services Private Limited**

1101, Naman Centre, G Block, C-31,  
Bandra Kurla Complex,  
Bandra East, Mumbai 400051  
Tel: +91 22 4084 5000  
Fax: +91 22 4084 5007  
Email: pranav.inamdar@trustgroup.in  
Investor grievance email: grievances@trustgroup.in  
Website: www.trustgroup.in  
Contact person: Ms. Pranav Inamdar  
Compliance Officer: Mr. Rajesh Nag  
SEBI Registration No: NSE: INB231198731 and BSE: INB011198737  
CIN: U67120MH2002PTC135942

**Debenture Trustee:**

**Axis Trustee Services Limited**

The Ruby, 2nd Floor, SW 29 Senapati Bapat Marg  
Dadar West, Mumbai- 400 028  
Tel: +91 22 62300451  
Fax: +91 22 62300700  
Email: debenturetrustee@axistrustee.com  
Investor Grievance Email: debenturetrustee@axistrustee.com  
Website: www.axistrustee.com  
Contact Person: Mr. Krishna Kumari  
SEBI Registration Number: IND000000494  
CIN: U74999MH2008PLC18226

**Registrar:**

**Karvy Fintech Private Limited**

Karvy Selenium Tower B, Plot 31-32,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad – 500 032  
Tel: 040-67162222  
Fax: 040-23431551  
Email: einward.ris@karvy.com  
Investor Grievance Email: mmfsl.ncdipo3@karvy.com  
Website: www.karisma.karvy.com  
Contact Person: Mr. M Murali Krishna  
SEBI Registration Number: INR000000221  
CIN: U74140TG2003PTC041636

**Statutory Auditor:**

**B S R & Co. LLP, Chartered Accountants**

5<sup>th</sup> Floor, Lodha Excelus,  
Apollo Mills Compound, N.M. Joshi Marg,  
Mahalaxmi, Mumbai, 400011  
Tel: +91 22 4345 5300,  
Fax: +91 22 4345 5399  
Email: vv@bsraffiliates.com  
Contact Person: Mr. Venkatramanan Vishwanath  
Firm registration number: 101248W/W-100022

**Date of appointment as Statutory Auditor:** July 24, 2017

**Public Issue Account Banks**

**Axis Bank Limited**

Jeevan Prakash Building,  
Ground Floor, Sir PM Road  
Fort, Mumbai- 400 001  
Tel: +91-22 4086 7336/7474  
Fax: +91-22 4086 7327/7378  
Contact Person: Mr. Sudhir Raje  
Email: fort.operationshead@axisbank.com  
Website: www.axisbank.com  
SEBI Registration No: INBI00000017

**HDFC Bank Limited**

HDFC Bank Limited, ALFA Building,  
FIG-OPS Department, Lodha,  
1 Think Techno Campus, o-3 Level,  
Next to Kanjurmarg Railway Station,  
Kanjurmarg (East), Mumbai. 400042  
Tel: +91-22 30752928/29/2914  
Fax: +91-22 25799801  
Contact Person: Mr. Vincent D'Souza, Mr. Siddharth Jadhav, Mr. Prasanna Uchil  
Email: Vincent.Dsouza@hdfcbank.com;  
Siddharth.Jadhav@hdfcbank.com;  
Prasanna.Uchil@hdfcbank.com  
Website: www.hdfcbank.com  
SEBI Registration No: INBI00000063

**Refund Bank**

**Axis Bank Limited**

Jeevan Prakash Building,  
Ground Floor, Sir PM Road  
Fort, Mumbai- 400 001  
Tel: +91-22 4086 7336/7474  
Fax: +91-22 4086 7327/7378  
Contact Person: Mr. Sudhir Raje  
Email: fort.operationshead@axisbank.com  
Website:www.axisbank.com  
SEBI Registration No: INBI00000017

**Credit Rating Agencies**

**Credit Analysis and Research Limited**

4<sup>th</sup> Floor, Godrej Coliseum,  
Somaiya Hospital Road,  
Off Eastern Express Highway,  
Sion (E), Mumbai 22,  
Maharashtra, India  
Tel: +91 6754 3528  
Fax: +91 6754 3457  
Email: aditya.acharekar@careratings.com  
Website: www.careratings.com  
Contact Person: Mr. Aditya Acharekar  
SEBI Registration No.: IN/CRA/004/1999

**India Ratings & Research Private Limited**

Workhardt Tower, Level 4,  
West Wing,  
Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051,  
Maharashtra, India  
Tel: +91 22 4000 1700  
Fax: +91 22 4000 1701  
Email: shrikant.dev@indiaratings.co.in  
Website: www.indiaratings.com  
Contact Person: Srikant Dev  
SEBI Registration No.: IN/CRA/002/1999

### **Legal Advisor to the Issue:**

#### **Khaitan & Co**

One Indiabulls Centre,  
13<sup>th</sup> Floor, Tower 1,  
841 Senapati Bapat Marg  
Mumbai- 400 013  
Tel: +91 22 6636 5000  
Fax: +91 22 6636 5050

### **Bankers to the Company**

<b>Axis Bank Limited</b> Axis House, 8th Floor, C-2, Wadia International Centre, P.B.Marg, Worli, Mumbai – 400 025 Tel: +91 22 66043293 Fax: +91 22 24253800 Email: <a href="mailto:mmfsl.nov2018@axisbank.com">mmfsl.nov2018@axisbank.com</a> Website: <a href="http://www.axisbank.com">www.axisbank.com</a> Contact Person: Mr. Vikas Shinde SEBI Registration Number: INM000006104	<b>HDFC Bank Limited</b> HDFC Bank Limited, 4th Floor, B-Wing, Peninsula Business Park, Lower Parel, Mumbai 400013 Tel: +91 22 33958126 Fax: +91 22 25799801 Email: <a href="mailto:Mousom.Mitra@hdfcbank.com">Mousom.Mitra@hdfcbank.com</a> Website: <a href="http://www.hdfcbank.com">www.hdfcbank.com</a> Contact Person: Mousom Mitra SEBI Registration No.: INBI00000063
<b>ICICI Bank Limited</b> ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051 Tel: +9122 4008 7440/4008-7425 Email: <a href="mailto:amit.bijalwan@icicibank.com">amit.bijalwan@icicibank.com</a> / <a href="mailto:shikha.kataria@icicibank.com">shikha.kataria@icicibank.com</a> Website: <a href="https://www.icicibank.com/">https://www.icicibank.com/</a> Contact Person: Amit Bijalwan/ Shikha Kataria SEBI Registration No: INM000010759	<b>Societe Generale</b> Peninsula Business Park, Tower A, 19 <sup>th</sup> Floor, Ganpatrao Kadam Marg, Lower Parel(W), Mumbai 400013 Tel: +91 22 6630 9500 Fax: +91 22 6630 9696 Email: <a href="mailto:tapan.sharma@socgen.com">tapan.sharma@socgen.com</a> Website: <a href="http://societegenerale.com">societegenerale.com</a> Contact Person: Tapan Sharma

### **Underwriting**

This Issue has not been underwritten.

### **Arrangers to the Issue**

There are no arrangers to the Issue

### **Self-Certified Syndicate Banks**

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available at <http://www.sebi.gov.in/> or at such other website as may be prescribed by SEBI from time to time.

### **Syndicate SCSB Branches**

In relation to Applications submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the members of the Syndicate is available on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time or any such other website as may be prescribed by SEBI from time to time.



## **Broker Centres/ Designated CDP Locations/ Designated RTA Locations**

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the ASBA Circular, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchange at [www.bseindia.com](http://www.bseindia.com). The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

## **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013”*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

## **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size (i.e. INR 37,500 lakhs). If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Tranche I Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Tranche I Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Tranche I Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

## **Credit Rating and Rationale**

The NCDs proposed to be issued under this Issue have been rated ‘CARE AAA (Triple A); Stable’ for an amount of ₹ 10,000 crores, by CARE and ‘IND AAA; Stable’ for an amount of ₹ 10,000 crores by India Ratings. The rating of NCDs by CARE and India Ratings indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

The rationale for the aforementioned rating issued by CARE and India Ratings has been provided in Annexure A and B of this Tranche I Prospectus.

## Utilisation of Issue proceeds

For details on utilization of Issue proceeds please see “*Objects of this Tranche I Issue*” on page 26 of this Tranche I Prospectus.

## Issue Programme

<b>ISSUE PROGRAMME*</b>	
<b>TRANCHE I ISSUE OPENS ON</b>	<b>JANUARY 4, 2019</b>
<b>TRANCHE I ISSUE CLOSES ON</b>	<b>JANUARY 25, 2019</b>

*\*The Tranche I Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Tranche I Issue may close on such earlier date or extended date as may be decided by the Board or Bond Issue Committee thereof. In the event of an early closure or extension of the Tranche I Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper on or before such earlier or extended date of Issue closure. On the Tranche I Issue Closing Date, Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by BSE.*

Further please note that Application Forms for the Tranche I Issue shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, “IST”) (“**Bidding Period**”) during the Issue Period as mentioned above by the (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Tranche I Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange(s). It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform would be rejected.

Due to limitation of time available for uploading the Applications on the Tranche I Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Tranche I Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Tranche I Issue Closing Date. All times mentioned in this Tranche I Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Tranche I Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

## MATERIAL DEVELOPMENT

There are no material developments in relation to our Company as disclosed in the sections titled “**Risk Factors**”, “**Selected Financial Information**”, “**Capital Structure**”, “**Summary of Business**”, “**Our Business**”, “**Regulations and Policies**”, “**Our Management**”, “**History, Main Objects and Key Agreements**”, “**Financial Indebtedness**”, “**Outstanding Litigations and Material Developments**” and “**Main Provisions of the Articles of Association of the Company**” in the Shelf Prospectus which would make them misleading in any material respect.

All disclosures made in this Tranche I Prospectus, read together with the Shelf Prospectus as the “Prospectus” with respect to Tranche I Issue are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed Issue. The Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes the Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

## OBJECTS OF THIS TRANCHE I ISSUE

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”), estimated to be approximately ₹ 347,853.20 lakhs, towards funding the following objects (collectively, referred to herein as the “**Objects**”):

1. For the purpose of onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital; and
2. General corporate purposes;

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The issue is being made pursuant to the provisions of the SEBI Debt Regulations, the Companies Act and rules made thereunder as amended to the extent notified.

The details of the Proceeds of the Issue are set forth in the following table:

<i>(₹ in lakhs)</i>		
<b>Sr. No.</b>	<b>Description</b>	<b>Amount</b>
1.	Gross Proceeds of the Tranche I Issue	350,000.00
2.	Issue Related Expenses	2,146.80
3.	Net Proceeds	347,853.20

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Tranche I Issue, the number of allottees, market conditions and other relevant factors.

### Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Tranche I Issue and the amount proposed to be financed from the Net Proceeds:

<b>Sr. No.</b>	<b>Objects of the Fresh Issue</b>	<b>Percentage of amount proposed to be financed from Issue Proceeds</b>
1.	Onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital	At least 75%
2.	General Corporate Purposes*	up to 25%
	<b>Total</b>	<b>100%</b>

*\*The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Tranche I Issue, in compliance with the SEBI Debt Regulations.*

The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II capital and accordingly will be utilised in accordance with statutory and regulatory requirements including requirements of RBI.

### Funding plan

NA

### Summary of the project appraisal report

NA

### Schedule of implementation of the project

NA

## Interim Use of Proceeds

Our Management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high-quality interest-bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

## Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board shall monitor the utilization of the proceeds of the Tranche I Issue. For the relevant Financial Years commencing from Financial Year 2018-19, our Company will disclose in our financial statements, the utilization of the net proceeds of the Tranche I Issue under a separate head along with details, if any, in relation to all such proceeds of the Tranche I Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Tranche I Issue.

## Tranche I Issue expenses

A portion of this Tranche I Issue proceeds will be used to meet Issue expenses. The following are the estimated Issue expenses, which shall be specified in at this Tranche I Prospectus:

Particulars	Amount (Rs in lakhs)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Tranche I Issue (in %)
Fee Payable to Intermediaries including Registrar to the Issue and Debenture Trustees	103.39	0.03%	4.8%
Lead Managers Fee, Selling and Brokerage Commission, SCSB Processing Fee	1,880.63	0.54%	87.6%
Advertising and Marketing, Printing and Stationery Costs	95.60	0.03%	4.5%
Other Miscellaneous Expenses	67.19	0.02%	3.1%
<b>Grand Total</b>	<b>2,146.80</b>	<b>0.61%</b>	<b>100.0%</b>

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Tranche I Issue and the number of Allottees, market conditions and other relevant factors.

Our Company shall pay processing fees to the SCSBs for ASBA forms procured by Lead Managers/ Consortium Members/ Sub-Consortium Members/Brokers / Sub brokers/Trading Members and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ` 10 per Application Form procured (inclusive of service tax and other applicable taxes). However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee.

## Other Confirmation

- In accordance with the SEBI Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company and our subsidiaries.
- No part of the proceeds from this Tranche I Issue will be paid by us as consideration to our Promoter, our Directors, Key Managerial Personnel, or companies promoted by our Promoter.
- The Issue proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.
- The Issue Proceeds from NCDs allotted to Banks will not be utilized for any purpose which may be in

contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

- Our Company confirms that it will not use the proceeds of the Tranche I Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, the acquisition of any immovable property or acquisition of securities of any other body corporate.
- All monies received out of the Tranche I Issue shall be credited/ transferred to a separate bank account maintained with a Scheduled Bank as referred to in section 40(3) of the Companies Act 2013.
- Details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.
- Details of all unutilised monies out of the Tranche I Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.
- We shall utilize the Tranche I Issue proceeds only upon execution of Debenture Trust Deed, receipt of the listing and trading approval from the Stock Exchange(s) as stated in this Tranche I Prospectus in the section titled “*Issue Related Information*” beginning on page 40 of this Tranche I Prospectus.
- No benefit/interest will accrue to our Promoters/Directors out of the proceeds of the Issue.
- The Tranche I Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property.
- Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

#### **Variation in terms of contract or objects in Tranche I Prospectus**

Our Company shall not, in terms of Section 27 of the Companies Act 2013, at any time, vary the terms of a contract referred to in this Tranche I Prospectus or objects for which this Tranche I Prospectus is issued, except subject to the approval of, or except subject to an authority given by the shareholders in general meeting by way of special resolution and after abiding by all the formalities prescribed in Section 27 of the Companies Act, 2013.

#### **Benefit / interest accruing to Promoter/Directors out of the object of the Tranche I Issue**

Neither the Promoter nor the Directors of our Company are interested in the Objects of this Tranche I Issue.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Tranche I Issue**

At the meeting of the Board of Directors of our Company, held on July 27, 2018 the Directors approved the issue of NCDs to the public in one or more tranches, upto an amount not exceeding ₹ 10,000 crores. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution dated June 14, 2018.

### **Prohibition by SEBI**

Our Company, persons in control of our Company and/or our Directors and/or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

### **Wilful Defaulter**

Our Company, our Directors and/or our Promoter have not been categorised as a wilful defaulter by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public.

### **Eligibility to make the Tranche I Issue**

Our Company or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, EDELWEISS FINANCIAL SERVICES LIMITED, A. K. CAPITAL SERVICES LIMITED, AXIS BANK LIMITED, ICICI SECURITIES LIMITED, SBI CAPITAL MARKETS LIMITED, TRUST INVESTMENT ADVISORS PRIVATE LIMITED, YES SECURITIES (INDIA) LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, EDELWEISS FINANCIAL SERVICES LIMITED, A. K. CAPITAL SERVICES LIMITED, AXIS BANK LIMITED, ICICI SECURITIES LIMITED, SBI CAPITAL MARKETS LIMITED, TRUST INVESTMENT ADVISORS PRIVATE LIMITED, YES SECURITIES (INDIA) LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 21, 2018 WHICH READS AS FOLLOWS:**

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDS OFFERED THROUGH THE ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE WILL BE GIVEN.
3. WE CONFIRM THAT THE PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED.
4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND TO THE EXTENT NOTIFIED, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.

WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT SHELF PROSPECTUS DATED NOVEMBER 5, 2018 FILED WITH BSE LIMITED, ALSO BEING THE DESIGNATED STOCK EXCHANGE.

#### DISCLAIMER CLAUSE OF THE BSE

BSE LIMITED (“THE EXCHANGE”) HAS GIVEN VIDE ITS LETTER DATED NOVEMBER 21, 2018, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS THE STOCK EXCHANGE ON WHICH THIS COMPANY’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- A. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR
- B. WARRANT THAT THIS COMPANY’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- C. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY.

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

#### DISCLAIMER CLAUSE OF THE RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED SEPTEMBER 4, 1998 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BY THE COMPANY.



#### **DISCLAIMER CLAUSE OF CRISIL**

**“CRISIL RESEARCH, A DIVISION OF CRISIL LIMITED (CRISIL) HAS TAKEN DUE CARE AND CAUTION IN PREPARING THIS REPORT (REPORT) BASED ON THE INFORMATION OBTAINED BY CRISIL FROM SOURCES WHICH IT CONSIDERS RELIABLE (DATA). HOWEVER, CRISIL DOES NOT GUARANTEE THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE DATA / REPORT AND IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS OR FOR THE RESULTS OBTAINED FROM THE USE OF DATA / REPORT. THIS REPORT IS NOT A RECOMMENDATION TO INVEST / DISINVEST IN ANY ENTITY COVERED IN THE REPORT AND NO PART OF THIS REPORT SHOULD BE CONSTRUED AS AN EXPERT ADVICE OR INVESTMENT ADVICE OR ANY FORM OF INVESTMENT BANKING WITHIN THE MEANING OF ANY LAW OR REGULATION. CRISIL ESPECIALLY STATES THAT IT HAS NO LIABILITY WHATSOEVER TO THE SUBSCRIBERS / USERS / TRANSMITTERS/ DISTRIBUTORS OF THIS REPORT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE REPORT IS TO BE CONSTRUED AS CRISIL PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL DOES NOT HAVE THE NECESSARY PERMISSION AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES IN THIS REGARD.**

**MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED WILL BE RESPONSIBLE FOR ENSURING COMPLIANCES AND CONSEQUENCES OF NON-COMPLAINTS FOR USE OF THE REPORT OR PART THEREOF OUTSIDE INDIA. CRISIL RESEARCH OPERATES INDEPENDENTLY OF, AND DOES NOT HAVE ACCESS TO INFORMATION OBTAINED BY CRISIL'S RATINGS DIVISION / CRISIL RISK AND INFRASTRUCTURE SOLUTIONS LTD (CRIS), WHICH MAY, IN THEIR REGULAR OPERATIONS, OBTAIN INFORMATION OF A CONFIDENTIAL NATURE. THE VIEWS EXPRESSED IN THIS REPORT ARE THAT OF CRISIL RESEARCH AND NOT OF CRISIL'S RATINGS DIVISION / CRIS. NO PART OF THIS REPORT MAY BE PUBLISHED/REPRODUCED IN ANY FORM WITHOUT CRISIL'S PRIOR WRITTEN APPROVAL.”**

#### **DISCLAIMER CLAUSE OF INDIA RATINGS**

**ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS](https://www.indiaratings.co.in/rating-definitions). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE [WWW.INDIARATINGS.CO.IN](http://WWW.INDIARATINGS.CO.IN). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.**

#### **DISCLAIMER STATEMENT OF CARE**

**CARE RATINGS ARE OPINIONS ON CREDIT QUALITY AND ARE NOT RECOMMENDATIONS TO SANCTION, RENEW, DISBURSE OR RECALL THE CONCERNED BANK FACILITIES OR TO BUY, SELL, OR HOLD ANY SECURITY. CARE HAS BASED ITS RATINGS/OUTLOOKS ON INFORMATION OBTAINED FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. CARE DOES NOT HOWEVER, GUARANTEE THE ACCURACY, ADEQUACY OR COMPLETENESS OF ANY INFORMATION AND IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS OR FOR THE RESULTS OBTAINED FROM THE USE OF SUCH INFORMATION. MOST ENTITIES WHOSE BANK FACILITIES/INSTRUMENTS ARE RATED BY CARE HAVE PAID A CREDIT RATING FEE, BASED ON THE AMOUNT AND TYPE OF BANK FACILITIES/INSTRUMENTS.**

**IN CASE OF PARTNERSHIP/PROPRIETARY CONCERNS, THE RATING/OUTLOOK ASSIGNED BY CARE IS BASED ON THE CAPITAL DEPLOYED BY THE PARTNERS/ PROPRIETOR AND THE FINANCIAL STRENGTH OF THE FIRM, AT PRESENT. THE RATING/OUTLOOK MAY UNDERGO CHANGE IN CASE OF WITHDRAWAL OF CAPITAL OR UNSECURED LOANS BROUGHT IN BY THE PARTNERS/ PROPRIETORS IN ADDITION TO THE FINANCIAL PERFORMANCE AND OTHER RELEVANT FACTORS.**

## Track record of past public issues handled by the Lead Managers

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

Name of Lead Manager	Website
Edelweiss Financial Services Limited	<a href="http://www.edelweissfin.com">www.edelweissfin.com</a>
A. K. Capital Services Limited	<a href="http://www.akgroup.co.in">www.akgroup.co.in</a>
Axis Bank Limited	<a href="http://www.axisbank.com">www.axisbank.com</a>
ICICI Securities Limited	<a href="http://www.icicisecurities.com">www.icicisecurities.com</a>
SBI Capital Markets Limited	<a href="http://www.sbicaps.com">www.sbicaps.com</a>
Trust Investment Advisors Private Limited	<a href="http://www.trustgroup.in">www.trustgroup.in</a>
YES Securities (India) Limited	<a href="http://www.yesinvest.in">www.yesinvest.in</a>

## Listing

The NCDs offered through this Tranche I Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated November 21, 2018. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 (six) Working Days from the date of closure of the relevant Issue.

For the avoidance of doubt, it is hereby clarified that in the event of under subscription to any one or more of the series, such NCDs with series shall not be listed.

## Consents

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer (c) Bankers to our Company (d) Lead Managers; (e) the Registrar to the Issue, (f) Legal Advisor to the Issue, (g) Credit Rating Agencies, (h) the Debenture Trustee (i) Chief Financial Officer (j) Public Issue Account Bank, (k) Refund Bank, (l) CRISIL for "CRISIL Research on Retail Finance – Auto dated 2 November, 2018", "CRISIL Research on Retail Finance – Housing dated 2 November, 2018", "CRISIL Research on Retail Finance – Cars and Utility Vehicles dated 2 November, 2018" and "CRISIL Research on Retail Finance – Tractors dated 2 November, 2018", to act in their respective capacities, have been obtained and the same will be filed along with a copy of the Draft Shelf Prospectus, the Shelf Prospectus and this Tranche I Prospectus with the ROC.

The consent of the Statutory Auditors of our Company, namely B S R & Co. LLP, Chartered Accountants for (a) inclusion of their name as the Statutory Auditors, (b) examination reports on Reformatted Financial Information and Limited Reviewed Financial Results (c) statement of tax benefits in the form and context in which they appear in the Shelf Prospectus have been obtained and has not withdrawn such consent and the same will be filed with the BSE and the RoC, along with a copy of the Shelf Prospectus and the Tranche I Prospectus.

## Expert Opinion

Except the following, our Company has not obtained any expert opinions in connection with this Tranche I Prospectus:

- Vide letter dated December 21, 2018 our Company has received consent from B S R & Co. LLP, Chartered Accountants, Statutory Auditors of our Company to include their name as an expert under Section 26 (5) of the Companies Act 2013 in the Tranche I Prospectus in relation to the examination report dated November 5, 2018, limited review report on the Limited Review Financial Results for the half year ended 30 September, 2018 and statement of tax benefits dated November 5, 2018 to be included in the Tranche I Prospectus and Prospectus and such consent has not been withdrawn as on the date of this Tranche I Prospectus. In this regard, the Statutory Auditors have given consent to be referred to as expert in this Tranche I Prospectus.
- Vide consent letters dated October 31, 2018 from CARE and India Ratings, respectively.

### **Common form of Transfer**

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue (i.e. INR 37,500 lakhs). If our Company does not receive the minimum subscription of 75% of the Base Issue, prior to the Tranche I Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Tranche I Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 (six) working days from the Tranche I Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

### **Filing of the Draft Shelf Prospectus**

A copy of the Draft Self Prospectus has been filed with the BSE in terms of Regulation 7 of the SEBI Debt Regulations for dissemination on their website.

### **Filing of the Shelf Prospectus and Tranche I Prospectus with the RoC**

Our Company is eligible to file a Shelf Prospectus as per requirements of Section 6A of SEBI Debt Regulations. A copy of the Shelf Prospectus and Tranche I Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

### **Debenture Redemption Reserve**

Section 71 (4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997 shall be 25% of the value of the outstanding debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly, our Company is required to create a DRR of 25% of the value of the outstanding NCDs as on date, issued through the Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The above mentioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during the year ending on the 31st day of March of that year.

### **Issue Related Expenses**

The expenses of this Tranche I Issue include, *inter alia*, lead management fees and selling commission to the Lead Managers, lead brokers, fees payable to debenture trustees, underwriters (if any), the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Tranche I Issue expenses and listing fees will be paid by our Company.

The estimated break-up of the total expenses shall be as specified in the chapter “*Objects of the Tranche I Issue*” on page 26 of this Tranche I Prospectus.

### Reservation

No portion of this Issue has been reserved.

### Public / Rights Issues

#### Public / Rights Issues by our Company during last 5 (five) years from the date of the Shelf Prospectus

Our Company undertook a public issue of unsecured, redeemable, subordinated non-convertible debentures of face value of ₹1,000 each in Fiscal 2018. The particulars of which have been set forth below:

<b>Date of Opening</b>	July 10, 2017
<b>Date of Closing</b>	July 14, 2017
<b>Total Issue Size</b>	₹ 250 crores with an option to retain oversubscription upto ₹1,750 crores
<b>Date of Allotment</b>	July 24, 2017
<b>Date of Refunds</b>	July 25, 2017
<b>Date of Listing</b>	July 27, 2017
<b>Utilisation of Proceeds</b>	In accordance with the provisions of the Shelf Prospectus dated 29 June 2017, the issue proceeds have been utilised for the purpose of onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital and other general corporate purposes.

Our Company undertook a public issue of unsecured, redeemable, subordinated non-convertible debentures of face value of ₹1,000 each in Fiscal 2017. The particulars of which have been set forth below:

<b>Date of Opening</b>	May 25, 2016
<b>Date of Closing</b>	May 26, 2016
<b>Total Issue Size</b>	₹ 250 crores with an option to retain oversubscription upto ₹750 crores
<b>Date of Allotment</b>	June 6, 2016
<b>Date of Refunds</b>	June 6, 2016
<b>Date of Listing</b>	June 9, 2016
<b>Utilisation of Proceeds</b>	In accordance with the provisions of the Shelf Prospectus dated July 17, 2016, the issue proceeds have been utilised for the purpose of onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital and other general corporate purposes.

Our Company undertook a preferential allotment of 2,50,00,000 Equity Shares of face value of ₹ 2 each in the Fiscal 2018. The particulars of which have been set forth below:

<b>Date of Opening</b>	N.A.
<b>Date of Closing</b>	N.A.
<b>Date of Allotment</b>	November 29, 2017
<b>Date of Listing</b>	November 30, 2017
<b>Total Issue Size</b>	₹1,05,500 lakhs
<b>Utilisation of Proceeds</b>	The issue proceeds have been utilized to meet the Company’s business growth and funding requirements, investment in its subsidiaries and joint venture, strengthen its capital adequacy and for general corporate purposes.

Our Company undertook a qualified institutional placement of 2,40,00,000 Equity Shares of face value of ₹ 2 each in the Fiscal 2018. The particulars of which have been set forth below:

<b>Date of Opening</b>	November 30, 2017
<b>Date of Closing</b>	December 5, 2017
<b>Total Issue Size</b>	₹1,05,600 lakhs

<b>Date of Allotment</b>	November 7, 2017
<b>Utilisation of Proceeds</b>	In accordance with the provisions of the Preliminary Placement Document is dated November 30, 2017, the issue proceeds have been utilised for augmentation of long-term resources to enable business growth and funding requirements, investment in the Company's Subsidiaries and Joint Venture, strengthening of the Company's capital adequacy and for general corporate purposes.

**Details regarding the Company and other listed companies under the same management within the meaning of section 370(1B) of the Companies Act, which made any capital issue during the last three years**

NIL

**Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding**

As on March 31, 2018 our Company has listed rated/ unrated, secured/ unsecured, non-convertible redeemable debentures and listed subordinated debt. For further details see "*Financial Indebtedness*" on page 150 of the Shelf Prospectus.

**Dividend**

Our Company has no stated dividend policy. The declaration and payment of dividends on our shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

The following table details the dividend declared by our Company on the Equity Shares for the Fiscals 2018, 2017, 2016, 2015 and 2014.

Particulars	For the year ended March 31				
	2018	2017	2016	2015	2014
<b>Interim Dividend</b>					
Rate of Dividend	-	-	-	-	-
Dividend per share (in ₹)	-	-	-	-	-
Amount of Interim Dividend (excluding dividend distribution tax)	-	-	-	-	-
<b>Final Dividend for the previous year</b>					
Rate of Dividend	200%	120%	200%	200%	190%
Dividend per share (in ₹)	4.00	2.40	4.00	4.00	3.80
Amount of Dividend (excluding dividend distribution tax) (₹ in lakhs)	24,710.60	13,650.36	22,750.60	22,750.60	21,613.07
Dividend Distribution Tax	4,667.83	2,446.94	4,376.27	4,424.02	3,544.75

**Revaluation of assets**

Our Company has not revalued its assets in the last five years.

**Mechanism for redressal of investor grievances**

The Registrar Agreement dated November 2, 2018 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted. The contact details of Registrar to the Issue are as follows:

**Karvy Fintech Private Limited**

Karvy Selenium Tower B, Plot 31-32,  
 Financial District, Nanakramguda, Gachibowli,  
 Hyderabad – 500 032  
 Tel: 91 40-6716 2222  
 Fax: 91 40-2300 1153  
 Email: einward.ris@karvy.com  
 Investor Grievance Email: mahindrafinance.ncdipo2@karvy.com  
 Website: www.karisma.karvy.com  
 Contact Person: Mr. M Murali Krishna  
 SEBI Registration Number: INR000000221  
 CIN: U74140TG2003PTC041636

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this MoU and continue to do so during the period it is required to maintain records under the RTA Regulations and our Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed seven (7) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a fortnightly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

Ms. Arnavaz M. Pardiwalla  
 Company Secretary and Compliance Officer  
 Mahindra and Mahindra Financial Services Limited  
 Mahindra Towers, 4<sup>th</sup> Floor, Dr. G M. Bhosale Marg,  
 P K. Kurne Chowk, Worli, Mumbai –400 018  
 Tel: +91 22 22 6652 6000 (Board) / 6652 6017  
 Fax: +91 22 24984170/71  
 Email: investorhelpline\_mmfs@mahindra.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, transfers etc.

**Change in Auditors of our Company during the last three years**

Details of change(s) in the Statutory Auditors of our Company in the last 3 (three) financial years preceding the date of this Tranche I Prospectus as follows:

<b>Name</b>	<b>Address</b>	<b>Date of appointment / resignation</b>	<b>Auditor of our Company since (in case of resignation)</b>	<b>Remarks</b>
B. K. Khare & Co., Chartered Accountants	706-708, Sharda Chambers, New Marine Lines, Mumbai – 400 020	July 24, 2017	31 May 1991 to 24 July 2017 (upto conclusion of the AGM)	NIL
B S R & Co. LLP, Chartered Accountants	5th Floor, Lodha Execelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011, Maharashtra, India	July 24, 2017 (from the conclusion of the AGM)	N.A.	NIL

## Auditor Remarks

There are no reservations or qualifications or adverse remarks of auditors in respect of our Financial Statements in the last five financial years from the date of this Tranche I Prospectus.

### Details of overall lending by the Company as of March 31, 2018

#### A. Type of loans:

The detailed break-up of the type of loans given by the Company as on March 31, 2018 is as follows:

(₹ in lakhs)

Sl. No.	Type of Loans	Amount
1.	Secured	48,20,659.65
2.	Unsecured	2,41,015.68
	<b>Total</b>	<b>50,61,675.33</b>

#### B. Sectoral Exposure as on March 31, 2018

Sl. No.	Segment wise break up of AUM	Percentage of AUM
1.	Agriculture & allied activities	14.4%
2.	Auto loans	72.2%
3.	MSME	11.8%
4.	Corporate borrowers	1.5%
5.	Unsecured personal loans	0.1%
	<b>Total</b>	<b>100%</b>

#### C. Denomination of the loans outstanding by ticket size as on March 31, 2018\*:

Sl. No.	Ticket size**	Percentage of AUM
1.	Upto ₹ 2 Lakhs	6%
2.	2 to 5 Lakhs	42%
3.	5 to 10 Lakhs	32%
4.	10 to 25 Lakhs	9%
5.	25 to 50 Lakhs	5%
6.	Above 50 Lakhs	6%
	<b>Total</b>	<b>100%</b>

#### D. Denomination of loans outstanding by LTV as on March 31, 2018\*

Sl. No.	LTV	Percentage of AUM
1.	Upto 40%	1%
2.	40%-50%	2%
3.	50%-60%	5%
4.	60%-70%	10%
5.	70%-80%	23%
6.	80%-90%	37%
7.	Above 90%	22%
	<b>Total</b>	<b>100%</b>

\*LTV as on March 31, 2018

#### E. Geographical classification of our borrowers as on March 31, 2018

Sl. No.	Top 5 States	Percentage of AUM
1.	Maharashtra	18%
2.	Uttar Pradesh	10%

3.	Madhya Pradesh	6%
4.	Bihar	6%
5.	Rajasthan	5%
	<b>Total</b>	<b>45%</b>

**F. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2018**

(₹ in lakhs)

Particulars	Amount
Total advances to twenty largest borrowers	1,70,572.76
Percentage of advances to twenty largest borrowers to total advances to our Company	3.4%

**(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2018:**

(₹ in lakhs)

Particulars	Amount
Total exposure to twenty largest borrowers	1,70,572.76
Percentage of exposure to twenty largest borrowers to total exposure to our Company	3.4%

**G. Details of loans overdue and classified as non-performing in accordance with RBI's guidelines as on March 31, 2018:**

**1. Movement of Gross NPAs**

Sl. No.	Particulars	Amount (₹ in lakhs)
1.	Opening balance	3,53,414.54
2.	Additions during the year	5,13,649.43
3.	Reductions during the year	4,62,834.05
4.	Closing balance	<b>4,04,229.92</b>

**2. Movement of provisions for NPAs (excluding provisions on standard assets)**

Sl. No.	Particulars	Amount (₹ in lakhs)
1.	Opening balance	1,93,446.63
2.	Provisions made during the year	1,93,440.33
3.	Write-off / write-back of excess provisions	1,79,720.38
4.	Closing balance	<b>2,07,166.58</b>

**3. Segment-wise gross NPA as on March 31, 2018**

Sl. No.	Segment-wise gross NPA	Gross NPA* (%)
1.	Agriculture & allied activities	12.1%
2.	Auto loans	7.9%
3.	MSME	3.0%
4.	Corporate borrowers	10.7%
5.	Unsecured personal loans	10.5%

\*Gross NPA means percentage of NPAs to total advances in that sector.

**4. Our Company has not provided any loans/advances to associates, entities/person relating to the board, senior management, Promoter except as provided for in "Financial Statements" on page 145 of the Shelf Prospectus.**



**Onward lending to borrowers forming part of the “Group” as defined by RBI:**

Name of the Borrower (A)	Amount of advances / exposures to such Borrower (Group) (₹ in lakhs)	Percentage of exposure (C) = B/Total AUM
NIL	NIL	NIL

**5. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (As of March 31, 2018)**

(₹ in lakhs)

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 years up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	12,796.72	15,669.10	13,312.83	46,707.86	63,328.18	138,227.52	24,058.99	-	314,101.20
Advances	3,72,496.86	2,07,802.09	185,594.57	454,028.21	809,615.98	2,111,565.64	511,158.92	202,982.88	4,855,245.15
Reserves & surplus	-	-	-	-	-	-	-	918,019.18	918,019.18
Investments	5,766.55	2,749.94	6,599.35	7,193.20	19,216.63	11,081.74	6,489.50	128,219.83	187,316.74
Borrowings	1,02,467.86	245,514.47	296,396.85	134,717.33	487,095.32	1,547,642.20	266,001.49	440,869.62	3,520,705.14
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	23,960.84	-	23,642.08	59,616.55	-	-	107,219.47

**6. Concentration of Exposure and NPA as of March 31, 2018**

(₹ in lakhs)

Particulars	Amount
<b>Concentration of Exposures</b>	
Total Exposure to twenty largest borrowers / customers	1,70,572.76
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	3.4%
<b>Concentration of NPAs</b>	
Total Exposure to top four NPA accounts	7,798.75

- Lending policy: For details on lending policy please see “*Our Business – Our Operations*” on page 96 of the Shelf Prospectus.
- Classification of loans/advances given to associates, entities/person relating to the board, senior management, Promoter: As disclosed in the “*Financial Statements*” on page 145 of the Shelf Prospectus.
- Our Company has not provided any loans/advances to “Group” entities.
- There has been no change in Promoter’s holding in the Issuer in the last financial year beyond the threshold prescribed by RBI, which as on the date of this Tranche I Prospectus is 26%.

**SECTION III- ISSUE RELATED INFORMATION**  
**ISSUE STRUCTURE**

**Nature of the NCDs**

The following are the details of the principal terms and conditions of the Tranche I Issue. This section should be read in conjunction with, and is qualified in its entirety by, the further details in the sections titled “*Terms of the Issue*” on page 45 and “*Issue Procedure*” on page 66 of this Tranche I Prospectus.

The key common terms and conditions of the NCDs are as follows:

<b>Issuer</b>	Mahindra & Mahindra Financial Services Limited
<b>Type of instrument/ Name of the security/ Seniority</b>	Secured and/ or Unsecured Subordinated, Redeemable, Non-Convertible Debentures
<b>Nature of the instrument</b>	Secured and/ or Unsecured Subordinated, Redeemable, Non-Convertible Debentures
<b>Nature of Indebtedness and Ranking / Seniority</b>	Secured and/ or Unsecured Subordinated, Redeemable, Non-Convertible Debentures subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions. The Unsecured NCDs will be in the nature of subordinated debt and will be eligible for Tier II capital
<b>Mode of the issue</b>	Public issue
<b>Lead Managers</b>	Edelweiss Financial Services Limited, A. K. Capital Services Limited, Axis Bank Limited, ICICI Securities Limited, SBI Capital Markets Limited, Trust Investment Advisors Private Limited, YES Securities (India) Limited
<b>Debenture Trustee</b>	Axis Trustee Services Limited
<b>Depositories</b>	NSDL and CDSL
<b>Registrar to the Issue</b>	Karvy Fintech Private Limited
<b>Tranche I Issue/Tranche I Issue Size</b>	Public Issue by Mahindra & Mahindra Financial Services Limited of Secured Redeemable Non-Convertible Debentures of face value of ₹1,000 (Indian Rupees One Thousand) Each and/ or unsecured, subordinated, redeemable non-convertible debentures of face value of ₹1,000 (Indian Rupees One Thousand) each for an amount aggregating up to ₹ 500,00,00,000 (“Base Issue Size”) with an option to retain oversubscription up to ₹ 30,00,00,00,000 aggregating up to ₹ 35,00,00,00,000. The Secured NCDs shall be allotted for a value of up to ₹ 25,00,00,00,000 and the Unsecured NCDs shall be allotted for a value of up to ₹ 10,00,00,00,000 within the overall limit of ₹ 35,00,00,00,000.
<b>Base Issue Size</b>	₹ 500,00,00,000
<b>Option to retain Oversubscription Amount</b>	₹ 30,00,00,00,000
<b>Eligible investors</b>	See the section titled “ <i>Issue Procedure – Who are eligible to apply for NCDs?</i> ” on page 67 of this Tranche I Prospectus
<b>Objects of the Issue</b>	Please see “ <i>Objects of this Tranche I Issue</i> ” on page 26 of this Tranche Prospectus
<b>Details of utilization of the proceeds</b>	See the section titled “ <i>Objects of this Tranche I Issue</i> ” on page 26 of this Tranche I Prospectus.
<b>Interest rate</b>	Please see the section titled “ <i>Terms of the Issue - Interest and Payment of Interest</i> ” on page 26 of this Tranche I Prospectus
<b>Step up/ Step down interest rates</b>	NA
<b>Interest type</b>	Fixed
<b>Interest reset process</b>	NA
<b>Issuance mode of the instrument*</b>	In dematerialised form only
<b>Frequency of interest payment</b>	Please see the section titled “ <i>Terms of the Issue - Interest and Payment of Interest</i> ” on page 52 of this Tranche I Prospectus
<b>Interest payment date</b>	Please see the section titled “ <i>Terms of the Issue - Interest and Payment of Interest</i> ” on page 52 of this Tranche I Prospectus
<b>Day count basis</b>	Actual / Actual

<b>Interest on application money</b>	NA
<b>Default interest rate</b>	Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws
<b>Tenor</b>	Please see the section titled “ <i>Terms of the Issue - Interest and Payment of Interest</i> ” on page 52 of this Tranche I Prospectus
<b>Redemption Date</b>	Shall mean 39 months from Deemed Date of Allotment for Series I NCDs, 60 months years from Deemed Date of Allotment for Series II NCDs, 96 months from Deemed Date of Allotment for Series III NCDs and 120 months from Deemed Date of Allotment for Series IV. If the Redemption Date/Maturity Date of any Series of the NCDs falls on a day that is not a Working Day, the redemption/maturity proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment.
<b>Redemption Amount</b>	The principal amount of the NCDs along with interest accrued on them as on the Redemption Date. Please see the section titled “ <i>Terms of the Issue - Interest and Payment of Interest</i> ” on page 52 of this Tranche I Prospectus
<b>Redemption premium/ discount</b>	NA
<b>Issue Price (in ₹)</b>	₹ 1,000 per NCD
<b>Discount at which security is issued and the effective yield as a result of such discount.</b>	NA
<b>Put option</b>	NA
<b>Put date</b>	NA
<b>Put price</b>	NA
<b>Call option</b>	NA
<b>Call option date</b>	NA
<b>Call option price</b>	NA
<b>Put notification time.</b>	NA
<b>Call notification time</b>	NA
<b>Face value</b>	₹ 1,000 per NCD
<b>Minimum Application size and in multiples of NCD thereafter</b>	₹ 10,000 (10 NCDs) collectively across all Series and in multiple of ₹1,000 (1 NCD) thereafter across all Series
<b>Market Lot/ Trading Lot</b>	One
<b>Pay-in date</b>	Application Date. The entire Application Amount is payable on Application.
<b>Credit ratings</b>	The NCDs proposed to be issued under this Issue have been rated ‘CARE AAA; Stable’ for an amount of ₹ 10,000 crores, by CARE and “IND AAA; Stable” for an amount of ₹ 10,000 crores, by India Ratings. The rating of NCDs by CARE and India Ratings vide their letter dated September 29, 2018 and revalidated by revalidation letters dated October 31, 2018 and December 18, 2018 and vide letter dated October 3, 2018 and revalidated by revalidation letters dated November 2, 2018 and December 17, 2018, respectively indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. For the rationale for these ratings, see Annexures A and B of this Tranche I Prospectus.
<b>Listing</b>	The NCDs are proposed to be listed on BSE. The NCDs shall be listed within 6 (six) Working Days from the date of Issue Closure. For more information, see “ <i>Other Regulatory and Statutory Disclosures – Listing</i> ” on page 32 of this Tranche I Prospectus.
<b>Tranche I Issue size</b>	Base Issue Size of ₹ 5,00,00,00,000 with an option to retain oversubscription up to ₹ 30,00,00,00,000 aggregating upto ₹ 35,00,00,00,000. The Secured NCDs shall be allotted for a value of up to ₹ 25,00,00,00,000 and the

	Unsecured NCDs shall be allotted for a value of up to ₹ 10,00,00,00,000 within the overall limit of ₹ 35,00,00,00,000.
<b>Modes of payment</b>	Please see the section titled “ <i>Issue Procedure – Terms of Payment</i> ” on page 43 of this Tranche I Prospectus.
<b>Trading mode of the instrument</b>	In dematerialised form only
<b>Tranche I Issue opening date</b>	January 4, 2019
<b>Tranche I Issue closing date**</b>	January 25, 2019
<b>Record date</b>	15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the relevant Tranche Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the Redemption Date. In the event the Record Date falls on a Sunday or holidays of Depositories, the succeeding working day or a date notified by the Company to the stock exchanges shall be considered as Record Date.
<b>Issue documents</b>	The Draft Shelf Prospectus, the Shelf Prospectus, the respective Tranche Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Registrar Agreement, the Agreement with the Lead Managers. For further details please refer to “ <i>Material Contracts and Documents for Inspection</i> ” on page 101 of this Tranche I Prospectus.
<b>Conditions precedent to disbursement</b>	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement. See “ <i>General Information - Utilisation of Issue Proceeds</i> ” on page 24 of this Tranche I Prospectus.
<b>Conditions subsequent to disbursement</b>	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement. See “ <i>General Information - Utilisation of Issue Proceeds</i> ” on page 24 of this Tranche I Prospectus.
<b>Events of default / cross default</b>	See the section titled “ <i>Terms of the Issue – Events of Default</i> ” on page 47 of this Tranche I Prospectus.
<b>Deemed date of Allotment</b>	The date on which the Board of Directors/or Bond Issue Committee approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors/ or duly authorised committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment.
<b>Roles and responsibilities of the Debenture Trustee</b>	See the section titled “ <i>Terms of the Issue – Trustee for NCD Holders</i> ” on page 47 of this Tranche I Prospectus.
<b>Governing law and jurisdiction</b>	The governing law and jurisdiction for the purpose of the Tranche I Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively
<b>Working day convention</b>	If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by the Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it failing on a non-Working Day.  If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by the Company on the immediately preceding Working Day along with interest

	accrued on the NCDs until but excluding the date of such payment. The interest /redemption payments shall be made only on the days when the money market is functioning in Mumbai.
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*\*\*The Tranche I Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Tranche I Issue may close on such earlier date or extended date as may be decided by the Board or Bond Issue Committee thereof. In the event of an early closure or extension of the Tranche I Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper on or before such earlier or extended date of Issue closure. On the Tranche I Issue Closing Date, Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by BSE.*

### **Terms of payment**

The entire face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser amount of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA account, in accordance with the terms of this Tranche I Prospectus.

**Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.**

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the “Securities Act”) or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Tranche I Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory **permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

*For further details, see the section titled “Issue Procedure” on page 66 of this Tranche I Prospectus.*

## SPECIFIC TERMS FOR EACH SERIES OF NCDs

The terms of each series of NCDs are set out below:

Series	I	II	III	IV
<b>Frequency of Interest Payment</b>	Annual	Annual	Annual	Annual
<b>Minimum Application</b>	₹ 10,000 (10 NCDs) across all Series collectively			
<b>In Multiples of thereafter</b>	₹ 1,000 (1 NCD)			
<b>Face Value of NCDs (₹/ NCD)</b>	₹ 1,000			
<b>Issue Price (₹/ NCD)</b>	₹ 1,000			
<b>Mode of Interest Payment</b>	Through various options available			
<b>Tenor</b>	39 months	60 months	96 months	120 months
<b>Coupon (%) for NCD Holders in Category I and Category II</b>	9.00	9.10	9.20	9.35
<b>Coupon (%) for NCD holders in Category III and Category IV</b>	9.05	9.15	9.30	9.50
<b>Effective Yield (per annum) for NCD holders in Category I &amp; II</b>	9.02	9.12	9.21	9.35
<b>Effective Yield (per annum) for NCD holders in Category III &amp; IV</b>	9.07	9.17	9.31	9.50
<b>Put Option</b>	NA	NA	NA	NA
<b>Call Option</b>	NA	NA	NA	NA
<b>Redemption Date (from the Deemed Date of Allotment)</b>	39 months	60 months	96 months	120 months
<b>Nature of Indebtedness</b>	Secured	Secured	Secured	Unsecured
<b>Redemption Amount (₹/NCD)</b>	₹ 1,000			

*\*Our Company shall allocate and allot Series I NCDs wherein the Applicants have not indicated their choice of the relevant NCD Series.*

If the Deemed Date of Allotment undergoes a change, the coupon payment dates, redemption dates, redemption amounts and other cash flow workings shall be changed accordingly.

## TERMS OF THE ISSUE

### GENERAL TERMS OF THE ISSUE

#### Authority for the Issue

This Issue has been authorized by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on 27 July, 2018. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution dated 14 June, 2018, upto an amount of Rs 70,000 crores.

#### Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of the Shelf Prospectus, this Tranche I Prospectus, the Application Forms, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

#### Ranking of Secured NCDs

The Secured NCDs would constitute secured obligations of the Company and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables/assets of our Company and/or *pari passu* charge on an identified immovable property of the Company, as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets equal to the value one time of the debentures outstanding plus interest accrued thereon, and subject to any obligations under applicable statutory and/or regulatory requirements. The claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements. The Secured NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

#### Ranking of Unsecured NCDs

The Unsecured NCDs would constitute unsecured and subordinated obligations of the Company and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements. The Unsecured NCDs proposed to be issued under the Issue and all earlier issues of unsecured debentures outstanding in the books of our Company, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. The claims of the Unsecured NCD holders shall be subordinated to those of the other creditors of our Company, subject to applicable statutory and/or regulatory requirements. Our Company may, subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions, treat the Unsecured NCDs as Tier II Capital.

#### Security

The principal amount of the Secured NCDs to be issued in terms of this Tranche I Prospectus together with all interest due on the Secured NCDs in respect thereof shall be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables/assets as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs (along with the interest due thereon). The Issuer undertakes that the necessary documents for the creation of the security, including the Secured Debenture Trust Deed would be executed within the time frame prescribed as per applicable law and the same would be uploaded on the website of the Designated Stock exchange, within five working days of execution of the same.

No security shall be created for Unsecured NCDs.

### **Debenture Trust Deed (s)**

Our Company intends to enter into Debenture Trust Deeds with the Debenture Trustee for the benefit of the NCD Holders, the terms of which will *inter alia* govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution of the Debenture Trust Deeds before the Allotment of NCDs.

Under the terms of the Debenture Trust Deeds, our Company will covenant with Debenture Trustee that it will pay the NCDs Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rates specified in the Prospectus and Debenture Trust Deeds. The Secured Debenture Trust Deed will also provide that the Company may withdraw any portion of the Security or replace with another assets of the same or higher value. However, in case of Secured Debenture Trust Deed, the Company reserve the right to create *pari passu* charge on the said immovable property without seeking NOC from each Secured NCDs Holders and the Debenture Trustee is empowered to issue NOC to create *pari passu* charge on the said immovable property for future issuances.

### **Debenture Redemption Reserve**

Section 71 (4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997 shall be 25% of the value of the outstanding debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly, our Company is required to create a DRR of 25% of the outstanding value of the NCDs issued through the Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year.

### **Face Value**

The face value of each NCD shall be ₹ 1,000.

### **Trustees for the Secured NCD Holders**

We have appointed Axis Trustee Services Limited to act as the Debenture Trustees for the Secured NCD Holders. We and the Debenture Trustee will execute a Secured Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The Secured NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Secured NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Secured NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the Secured NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

### **Trustees for the Unsecured NCD Holders**

We have appointed Axis Trustee Services Limited to act as the Debenture Trustees for the Unsecured NCD Holders. The Debenture Trustee and us will execute an Unsecured Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The Unsecured NCD Holders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Unsecured NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in



the interest of the Unsecured NCD Holders. Any payment made by us to the Debenture Trustee on behalf of the Unsecured NCD Holders shall discharge us pro tanto to the Unsecured NCD Holders. The Debenture Trustee will protect the interest of the Unsecured NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

### **Trustees for the NCD Holders**

We have appointed Axis Trustee Services Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 4(4) of the Debt Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us pro tanto to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

### **Events of Default**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Default is committed in payment of the principal amount of the NCDs on the due date(s); and Default is committed in payment of any interest on the NCDs on the due date(s).

### **NCD Holder not a Shareholder**

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI LODR Regulations.

### **Rights of Secured NCD Holders**

Some of the significant rights available to the Secured NCD Holders are as follows:

1. The Secured NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the Secured NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered Secured NCD Holders for their consideration. In terms of Section 136(1) of the Companies Act, 2013, holders of Secured NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.
2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the Secured NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Secured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Secured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Secured NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered Secured NCD Holders or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned Secured NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Secured NCD Holders shall be in proportion to the outstanding nominal value of Secured NCDs held by him/her.
4. The Secured NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Tranche I Prospectus, the Prospectus, the Application Forms, the Abridged Prospectus, Corrigendum if any, addendum if any, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the Secured NCDs.
5. For the Secured NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the Secured NCDs in dematerialized Form. For Secured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of Secured NCDs maintained by a Depository for any Secured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of Secured NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the Unsecured NCD holders.
6. Subject to compliance with applicable statutory requirements, the Secured NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the Secured NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the Secured NCDs, who have not given their positive consent to the roll-over.

The aforementioned rights of the Secured NCD Holders are merely indicative. The final rights of the Secured NCD Holders will be as per the terms of the Offer Document and the Secured Debenture Trust Deed.

### **Rights of Unsecured NCD Holders**

Some of the significant rights available to the Unsecured NCD Holders are as follows:

1. The Unsecured NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the Unsecured NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered Unsecured NCD Holders for their consideration. In terms of Section 136(1) of the Companies Act, 2013, holders of Unsecured NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.
2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the Unsecured NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Unsecured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Unsecured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Unsecured NCDs, if the same are not acceptable to us.
3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered Unsecured NCD Holders or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such Unsecured NCDs, either in person or by proxy, at any meeting of the concerned Unsecured NCD Holders and every such holder

shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Unsecured NCD Holders shall be in proportion to the outstanding nominal value of Unsecured NCDs held by him/her.

4. The Unsecured NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of the Shelf Prospectus, this Tranche I Prospectus, the Application Forms, the Abridged Prospectus, Corrigendum if any, addendum if any, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the Unsecured NCDs.
5. For the Unsecured NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the Unsecured NCDs in dematerialized Form. For Unsecured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Unsecured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of Unsecured NCDs maintained by a Depository for any Unsecured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of Unsecured NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the Unsecured NCD holders.
6. Subject to compliance with applicable statutory requirements, the Unsecured NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the Unsecured NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the Unsecured NCDs, who have not given their positive consent to the roll-over.

The aforementioned rights of the Unsecured NCD Holders are merely indicative. The final rights of the Unsecured NCD Holders will be as per the terms of the Offer Document and the Unsecured Debenture Trust Deed.

#### **Nomination facility to NCD Holder**

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 (“**Rule 19**”) and the Companies Act, 2013, the sole NCD holder, or first NCD holder, along with other joint NCD Holders’ (being individual(s)), may nominate, in the **Form No. SH.13**, any one person with whom, in the event of the death of Applicant the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder’s death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

**Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.**

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

### **Application in the Issue**

NCDs being issued through this Tranche I Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

### **Form of Allotment and Denomination of NCDs**

As per the Debt Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD (“**Market Lot**”). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment refer to chapter titled “*Issue Procedure*” under section titled “*Issue Related Information*” beginning on page no. 40 of this Tranche I Prospectus.

### **Transfer/Transmission of NCD(s)**

The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar. The seller should give delivery instructions containing details of the buyer’s DP account to his depository participant.

Please see “*Issue Structure – Interest*” on page 40 of this Tranche Prospectus for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non Individual Investors on the Record Date.

### **Restriction on transfer of NCDs**

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue except as may be required under RBI requirements and as provided in our Articles of Association. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 (“**SEBI LODR IV Amendment**”), NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018.

### **Title**

The NCD Holder(s) for the time being appearing in the record of beneficial owners maintained by the Depository shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes.

### **Register of NCD Holders**

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as

the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

### Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

### Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

### Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under applicable statutory and/or regulatory requirements including any requirements of the RBI and/or as provided in our Articles of Association. Please refer to the section titled "**Main Provisions of the Articles of Association of our Company**" on page 250 of the Shelf Prospectus.

### Period of Subscription

<b>ISSUE PROGRAMME</b>	
<b>TRANCHE I ISSUE OPENS ON</b>	<b>JANUARY 4, 2019</b>
<b>TRANCHE I ISSUE CLOSES ON</b>	<b>JANUARY 25, 2019**</b>

*\*\*The Tranche I Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Tranche I Issue may close on such earlier date or extended date as may be decided by the Board or Bond Issue Committee thereof. In the event of an early closure or extension of the Tranche I Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper on or before such earlier or extended date of Issue closure. On the Tranche I Issue Closing Date, Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by BSE.*

*Applications Forms for the Tranche I Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, during the Tranche I Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Lead Managers or the Trading Members of the Stock Exchange, as the case maybe, at the centers mentioned in Application Form in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) by the centers of the Lead Managers or the Trading Members of the Stock Exchange, as the case maybe, only at*

the Selected Cities. On the Tranche I Issue Closing Date Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the Tranche I Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Tranche I Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Tranche I Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Tranche I Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload.

Such Applications that cannot be uploaded will not be considered for allocation under the Tranche I Issue. Application Forms will only be accepted on Working Days during the Tranche I Issue Period. Neither our Company, nor the Lead Managers or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Tranche I Issue will be on a date priority basis in accordance with SEBI Circular dated October 29, 2013 except on the day of oversubscription, if any, where the Allotment will be proportionate.

### Interest and Payment of Interest

#### Series I NCD

In case of Series I NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series I NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I and II	9.00%
Category III and IV	9.05%

Series I NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 39 months from the Deemed Date of Allotment.

#### Series II NCDs

In case of Series II NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series II NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I and II	9.10%
Category III and IV	9.15%

Series II NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

#### Series III NCDs

In case of Series III NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series III NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I and II	9.20%
Category III and IV	9.30%

Series III NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 96 months from the Deemed Date of Allotment.

## Series IV NCDs

In case of Series IV NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series IV NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I and II	9.35%
Category III and IV	9.50%

Series IV NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 120 months from the Deemed Date of Allotment.

If the Deemed Date of Allotment undergoes a change, the coupon payment dates, redemption dates, redemption amounts and other cash flow workings shall be changed accordingly.

Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment/interest payment date till one day prior to the next anniversary / redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

For Series I, Series II, Series III and Series IV NCDs, where the interest is to be paid on an annual basis, interest will be computed upto March 31<sup>st</sup> every year and paid on April 1<sup>st</sup> every year for the amount outstanding. The first interest payment will be made on April 1, 2019 for the period commencing from the Deemed Date of Allotment till March 31, 2019. The last interest payment will be made at the time of maturity of the NCD on a pro rata basis for the days from April 1<sup>st</sup> to the date of redemption. If any Coupon/Interest Payment Date falls on a day that is not a Working Day, the payment shall be made on the immediately next Working Day.

If the date of payment of interest or any date specified does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be. For avoidance of doubt, in case of interest payment on effective Date, interest for period between actual interest payment date and the effective date will be paid in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the maturity proceeds will be paid on the immediately previous Working Day along with the coupon/interest accrued on the NCDs until but excluding the date of such payment.

The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

### Basis of payment of Interest

The Tenor, Coupon Rate / Yield and Redemption Amount applicable for each Series of NCDs shall be determined at the time of Allotment of NCDs. NCDs once allotted under any particular Series of NCDs shall continue to bear the applicable Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/yield and redemption amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the section on "*Issue Procedure - Terms of Payment*" at page 43 in this Tranche I Prospectus.

## **Taxation**

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

However, in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor (in case of resident Individuals and HUFs), if such interest does not exceed ₹ 5,000 in any financial year. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by Individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all Applicants (other than companies, and firms ), or (b) a certificate, from the Assessing Officer which can be obtained by all Applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted to our Company quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original from Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by the Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

*Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated on page 42 of this Tranche I Prospectus, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Tranche I Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.*

### **Day Count Convention:**

Interest shall be computed on an actual / actual basis on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

### **Effect of holidays on payments:**

If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by the Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it falling on a non-Working Day. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force.

If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by the Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.



**Illustration for guidance in respect of the day count convention and effect of holidays on payments.**

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/ IMD/ DF/ 18/ 2013 October 29, 2013 and SEBI Circular No. CIR/ IMD/ DF-1/ 122/ 2016 dated November 11, 2016.

**ILLUSTRATION FOR GUIDANCE IN RESPECT OF THE DAY COUNT CONVENTION AND EFFECT OF HOLIDAYS ON PAYMENTS**

**Investors should note that the below examples are solely for illustrative purposes and is not specific to the Issue**

**Series I Tranche I Issue**

Face Value per NCD (in `)	1000
Issue Date/Date of allotment (assumed)	01 February 2019
Tenor	39 months
Option 1: Coupon Rate for Category I Investors and Category II Investors (p.a)	9.00%
Option 2: Coupon Rate for Category III Investors and Category IV Investors (p.a)	9.05%
Redemption Date/Maturity Date (assumed)	01 May 2022
Frequency of interest payment	Annual
Option 1: Effective Yield for Category I Investors and Category II Investors	9.02%
Option 2: Effective Yield for Category III Investors and Category IV Investors	9.07%
Day Count Convention	Actual/Actual

Cash Flows	Due Date	Date of Payment	No. of days in Coupon Period	Option 1: For Category I Investors and Category II Investors (₹)	Option 2: For Category III Investors and Category IV Investors (₹)
Deemed Date of Allotment	01 February 2019	01 February 2019		(1,000.00)	(1,000.00)
Coupon 1	01 April 2019	02 April 2019	59	14.55	14.63
Coupon 2	01 April 2020	02 April 2020	366	90.00	90.50
Coupon 3	01 April 2021	02 April 2021	365	90.00	90.50
Coupon 4	01 April 2022	04 April 2022	365	90.00	90.50
Coupon 5	01 May 2022	29 April 2022	28	6.90	6.94

Cash Flows	Due Date	Date of Payment	No. of days in Coupon Period	Option 1: For Category I Investors and Category II Investors (₹)	Option 2: For Category III Investors and Category IV Investors (₹)
Principal	01 May 2022	29 April 2022		1,000.00	1,000.00

#### Series II Tranche I Issue

Face Value per NCD (in `)	1000
Issue Date/Date of allotment (assumed)	01 February 2019
Tenor	60 months
Option 1: Coupon Rate for Category I Investors and Category II Investors (p.a)	9.10%
Option 2: Coupon Rate for Category III Investors and Category IV Investors (p.a)	9.15%
Redemption Date/Maturity Date (assumed)	01 February 2024
Frequency of interest payment	Annual
Option 1: Effective Yield for Category I Investors and Category II Investors	9.12%
Option 2: Effective Yield for Category III Investors and Category IV Investors	9.17%
Day Count Convention	Actual/Actual

Cash Flows	Due Date	Date of Payment	No. of days in Coupon Period	Option 1: For Category I Investors and Category II Investors (₹)	Option 2: For Category III Investors and Category IV Investors (₹)
Deemed Date of Allotment	01 February 2019	01 February 2019		(1,000.00)	(1,000.00)
Coupon 1	01 April 2019	02 April 2019	59	14.71	14.79
Coupon 2	01 April 2020	02 April 2020	366	91.00	91.50
Coupon 3	01 April 2021	02 April 2021	365	91.00	91.50
Coupon 4	01 April 2022	04 April 2022	365	91.00	91.50

Cash Flows	Due Date	Date of Payment	No. of days in Coupon Period	Option 1: For Category I Investors and Category II Investors (₹)	Option 2: For Category III Investors and Category IV Investors (₹)
Coupon 5	01 April 2023	03 April 2023	365	91.00	91.50
Coupon 6	01 February 2024	01 February 2024	306	76.29	76.71
Principal	01 February 2024	01 February 2024		1,000.00	1,000.00

#### Series III Tranche I Issue

Face Value per NCD (in ₹)	1000
Issue Date/Date of allotment (assumed)	01 February 2019
Tenor	96 months
Option 1: Coupon Rate for Category I Investors and Category II Investors (p.a)	9.20%
Option 2: Coupon Rate for Category III Investors and Category IV Investors (p.a)	9.30%
Redemption Date/Maturity Date (assumed)	01 February 2027
Frequency of interest payment	Annual
Option 1: Effective Yield for Category I Investors and Category II Investors	9.21%
Option 2: Effective Yield for Category III Investors and Category IV Investors	9.31%
Day Count Convention	Actual/Actual

Cash Flows	Due Date	Date of Payment	No. of days in Coupon Period	Option 1: For Category I Investors and Category II Investors (₹)	Option 2: For Category III Investors and Category IV Investors (₹)
Deemed Date of Allotment	01 February 2019	01 February 2019		(1,000.00)	(1,000.00)
Coupon 1	01 April 2019	02 April 2019	59	14.87	15.03

Cash Flows	Due Date	Date of Payment	No. of days in Coupon Period	Option 1: For Category I Investors and Category II Investors (₹)	Option 2: For Category III Investors and Category IV Investors (₹)
Coupon 2	01 April 2020	02 April 2020	366	92.00	93.00
Coupon 3	01 April 2021	02 April 2021	365	92.00	93.00
Coupon 4	01 April 2022	04 April 2022	365	92.00	93.00
Coupon 5	01 April 2023	03 April 2023	365	92.00	93.00
Coupon 6	01 April 2024	02 April 2024	366	92.00	93.00
Coupon 7	01 April 2025	02 April 2025	365	92.00	93.00
Coupon 8	01 April 2026	02 April 2026	365	92.00	93.00
Coupon 9	01 February 2027	01 February 2027	306	77.13	77.97
Principal	01 February 2027	01 February 2027		1,000.00	1,000.00

#### Series IV Tranche I Issue

Face Value per NCD (in `)	1000
Issue Date/Date of allotment (assumed)	01 February 2019
Tenor	120 months
Option 1: Coupon Rate for Category I Investors and Category II Investors (p.a)	9.35%
Option 2: Coupon Rate for Category III Investors and Category IV Investors (p.a)	9.50%
Redemption Date/Maturity Date (assumed)	01 February 2029
Frequency of interest payment	Annual
Option 1: Effective Yield for Category I Investors and Category II Investors	9.35%
Option 2: Effective Yield for Category III Investors and Category IV Investors	9.50%

Day Count Convention	actual/actual
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Cash Flows	Due Date	Date of Payment	No. of days in Coupon Period	Option 1: For Category I Investors and Category II Investors (₹)	Option 2: For Category III Investors and Category IV Investors (₹)
Deemed Date of Allotment	01 February 2019	01 February 2019		(1,000.00)	(1,000.00)
Coupon 1	01 April 2019	02 April 2019	59	15.11	15.36
Coupon 2	01 April 2020	02 April 2020	366	93.50	95.00
Coupon 3	01 April 2021	02 April 2021	365	93.50	95.00
Coupon 4	01 April 2022	04 April 2022	365	93.50	95.00
Coupon 5	01 April 2023	03 April 2023	365	93.50	95.00
Coupon 6	01 April 2024	02 April 2024	366	93.50	95.00
Coupon 7	01 April 2025	02 April 2025	365	93.50	95.00
Coupon 8	01 April 2026	02 April 2026	365	93.50	95.00
Coupon 9	01 April 2027	02 April 2027	365	93.50	95.00
Coupon 10	01 April 2028	03 April 2028	366	93.50	95.00
Coupon 11	01 February 2029	01 February 2029	306	78.39	79.64
Principal	01 February 2029	01 February 2029		1,000.00	1,000.00

**Assumptions:**

1. The Deemed Date of Allotment is assumed to be February 1, 2019. If the Deemed Date of Allotment undergoes a change, the coupon payments dates, redemption dates, redemption amount and other cash flow working shall be changed accordingly.
2. Interest payable during the Financial Year 2020, 2024 and 2028, being leap years, have been calculated for 366 days.

3. In the event, the interest / pay-out of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. However, this rounding off to nearest integer at the time of payment of interest and/or redemption amount will be done per debenture holder.

## **Maturity and Redemption**

The NCDs pursuant to this Tranche I Prospectus have a fixed maturity date. The date of maturity of the NCDs is as follows:

<b>Series of NCDs</b>	<b>At the end of maturity period</b>
I	39 months from the Deemed Date of Allotment
II	60 months from the Deemed Date of Allotment
III	96 months from the Deemed Date of Allotment
IV	120 months from the Deemed Date of Allotment

### **Put Option**

There is no put option available to any NCD Holders.

### **Call Option**

There is no call option available to any NCD Holders.

### **Step up/ Step down interest rates**

No Step up/ Step down option available for NCDs.

### **Application Size**

Each application should be for a minimum of 10 NCDs and multiples of 1 NCD thereof. The minimum application size for each application would be ₹ 10,000 (for all kinds of Series I, II, III and IV NCDs either taken individually or collectively) and in multiples of ₹ 1,000 thereafter.

Applicants can apply for any or all Series of NCDs offered hereunder provided the Applicant has applied for minimum application size using the same Application Form.

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.**

### **Terms of Payment**

The entire issue price of ₹ 1,000 per NCD is payable on application. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund the excess amount paid on application to the Applicant in accordance with the terms of this Tranche I Prospectus.

### **Manner of Payment of Interest / Refund**

The manner of payment of interest / refund/redemption amounts in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption amount as the case may be. Applicants who are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the Applicant at the Applicant's sole risk, and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

### **Printing of Bank Particulars on Interest/Redemption Warrants**

As a matter of precaution against possible fraudulent encashment of interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account would be taken directly from the depositories. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

### **Loan against NCDs**

Pursuant to the RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.



## **Buy Back of NCDs**

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

## **Procedure for Redemption by NCD Holders**

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

## **Payment on Redemption**

The manner of payment of redemption is set out below:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

## **Right to Reissue NCD(s)**

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

## **Sharing of Information**

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

## **Notices**

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Mumbai and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

## **Future Borrowings**

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, pari passu or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

## **Pre- Issue Advertisement**

Subject to section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Tranche I Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with Regulation 8 (1) of SEBI Debt Regulations. Material updated, if any, between the date of filing of the Shelf Prospectus and this Tranche I Prospectus with ROC, and the date of release of this statutory advertisement, will be included in the statutory advertisement.

## **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013.”*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh million or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

## **Pre-closure**

Our Company, in consultation with the Lead Managers reserves the right to close the Tranche I Issue at any time prior to the Tranche I Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the “*General Information - Issue Programme*” on page 24 of this Tranche I Prospectus.

Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Tranche I Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Tranche I Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of this Tranche I Issue have been given.

## **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum Subscription for public issue of debt securities shall be 75% of the Base Issue Size (i.e. INR 37,500 lakhs). . If our Company does not receive the minimum subscription of 75% of Base Issue Size (i.e. INR 37,500 lakhs), prior to the Tranche I Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Tranche I Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 (six) working days from the Tranche I Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

### **Guarantee/ Letter of Comfort**

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

### **Utilisation of Issue Proceeds**

- (a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013.
- (b) Details of all monies utilised out of Tranche I Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- (d) We shall utilize the Tranche I Issue proceeds only up on (i) receipt of minimum subscription; (ii) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; and (ii) receipt of listing and trading approval from Stock Exchange.
- (e) The Tranche I Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.
- (f) Details of all utilised and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indication the purpose for which such monies have been utilised and the securities or other forms of financial assets in which such unutilized monies have been invested

### **Filing of the Shelf Prospectus and Tranche I Prospectus with the RoC**

A copy of the Shelf Prospectus and Tranche I Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the relevant Tranche I Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Shelf Prospectus and the Tranche I Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

### **Listing**

The NCDs offered through this Tranche I Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE vide letter no. DCS/BM/PI-BOND/14/18-19 dated 21 November, 2018.

For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 (six) Working Days of the Tranche I Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

## ISSUE PROCEDURE

*This section applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. ASBA Applicants ensure that their respective ASBA accounts can be blocked by the SCSBs, in the relevant ASBA Accounts. Applicants should note that they may submit their Applications to the Lead Managers or Members of the Syndicate or Registered Brokers at the Broker Centres or CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form.*

*Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Tranche I Prospectus.*

*Please note that this section has been prepared based on the circular no. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI (“Debt Application Circular”) as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI (“Debt ASBA Circular”).*

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Stock Exchanges.*

*Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the 2012 SEBI Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application.*

**PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS TRANCHE I PROSPECTUS, THE TRANCHE I ISSUE OPENING DATE AND THE TRANCHE I ISSUE CLOSING DATE.**

**THE MEMBERS OF THE SYNDICATE AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES. FURTHER, THE RELEVANT STOCK EXCHANGES SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GREIVANCES ARISING FROM APPLICATIONS THROUGH DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGES.**

*For purposes of the Issue, the term “Working Day” shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the securities, Working Days shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai or a public holiday in India, however, with reference to payment of interest/redemption of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.*

The information below is given for the benefit of the investors. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Tranche I Prospectus.

## PROCEDURE FOR APPLICATION

### How to Apply?

#### Availability of this Tranche I Prospectus, the Shelf Prospectus, Abridged Prospectus, and Application Forms

Please note that there is a single Application Form for Applicants who are Persons Resident in India.

Physical copies of the Abridged Prospectus, containing the salient features of the Prospectus together with Application Forms may be obtained from:

- (a) Our Company's Registered Office and Corporate Office;
- (b) Offices of the Lead Managers;
- (c) Offices of the Lead Brokers;
- (d) Registrar to the Issue
- (e) Designated RTA Locations for RTAs;
- (f) Designated CDP Locations for CDPs; and
- (g) Designated Branches of the SCSBs.

Electronic copies of the Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Managers, the Stock Exchanges, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the websites of the Stock Exchanges and on the websites of the SCSBs that permit submission of Applications electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchanges. Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

#### Who are eligible to apply for NCDs?

The following categories of persons are eligible to apply in the Issue:

Category I	Category II	Category III	Category IV
<b>Institutional Investors</b>	<b>Non Institutional Investors</b>	<b>High Net-worth Individual Investors ("HNIs") and Retail Individual Investors</b>	<b>Retail Individual Investors</b>
<ul style="list-style-type: none"><li>• Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs;</li><li>• Provident funds, pension funds with a minimum corpus of ₹2,500 lakh, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;</li><li>• Mutual Funds registered with SEBI;</li></ul>	<ul style="list-style-type: none"><li>• Companies within the meaning of section 2(20) of the Companies Act, 2013;</li><li>• Statutory bodies/corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li><li>• Co-operative banks and regional rural banks;</li><li>• Public/private charitable/ religious trusts which are authorised to invest in the NCDs;</li></ul>	High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ` 10 lacs across all series of NCDs in Issue	Retail Individual Investors which include Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ` 10 lacs across all series of NCDs in Issue

<b>Category I</b>	<b>Category II</b>	<b>Category III</b>	<b>Category IV</b>
<b>Institutional Investors</b>	<b>Non Institutional Investors</b>	<b>High Net-worth Individual Investors (“HNIs”) and Retail Individual Investors</b>	<b>Retail Individual Investors</b>
<ul style="list-style-type: none"> <li>• Venture Capital Funds/ Alternative Investment Fund registered with SEBI, subject to investment conditions applicable to them under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</li> <li>• Insurance Companies registered with IRDA;</li> <li>• State industrial development corporations;</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>• Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than ₹50,000 lakh as per the last audited financial statements; and</li> <li>• National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.</li> </ul>	<ul style="list-style-type: none"> <li>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>• Association of Persons; and</li> <li>• Any other incorporated and/ or unincorporated body of persons.</li> </ul>		

**Please note that it is clarified that persons’ resident outside India shall not be entitled to participate in the Issue and any Application(s) from such persons are liable to be rejected.**

**Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

### **Who are not eligible to apply for NCDs?**

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

- (a) Minors without a guardian name\*;
- (b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- (c) Persons resident outside India;
- (d) FIIs;
- (e) FPIs;
- (f) Qualified foreign investors;
- (g) Overseas Corporate Bodies; and
- (h) Person ineligible to contract under applicable statutory/regulatory requirements.

*\*Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872.*

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

Please refer to “*Rejection of Applications*” on page 82 of this Tranche I Prospectus for information on rejection of Applications.

### **Modes of Making Applications**

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Applicants should submit the Application Form only at the Bidding Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at <https://www.sebi.gov.in>.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

## **APPLICATIONS FOR ALLOTMENT OF NCDs**

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

### **Applications by Mutual Funds**

Pursuant to a recent SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (“SEBI Circular 2016”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by mutual fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

### **Application by Commercial Banks, Co-operative Banks and Regional Rural Banks**

Commercial banks, co-operative banks and regional rural banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee is required to be attached to the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

**Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.**

### **Application by Insurance Companies**

In case of Applications made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.**

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time including the IRDAI Investment Regulations.



### **Application by Indian Alternative Investment Funds**

Applications made by 'Alternative Investment Funds' eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "SEBI AIF Regulations") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

### **Application by Systemically Important Non- Banking Financial Companies**

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment**

In case of Applications made by Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Trusts**

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Provident Funds, Pension funds, Superannuation Funds and Gratuity funds which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of incorporation/ registration under any Act/Rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by National Investment Funds**

Application made by a National Investment Funds for Allotment of the NCDs in physical form must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefore.

### **Companies, bodies corporate and societies registered under the applicable laws in India**

The Application must be accompanied by certified true copies of the registration under the Act/ Rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of the registration under the Act/ Rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefore.

### **Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)**

The Application must be accompanied by certified true copies of certified copy of certificate of the Partnership Deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non- Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants who are Retail Individual Investors, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company, the Lead Managers may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

## **APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALIZED FORM**

### ***Submission of ASBA Applications***

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Managers and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations,

which may occur after the date of the Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Lead Brokers, Trading Members, Registered Brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account. The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchange at [www.bseindia.com](http://www.bseindia.com). The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

Applications can be submitted through either of the following modes:

- (a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

- (b) Physically through the Designated Intermediaries at the respective Bidding Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Bidding Centre where the Application Form is submitted (a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchanges and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. **If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected.** If sufficient funds are available in

the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

- (a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries (other than Trading Members of the Stock Exchanges) at the respective Collection Centers; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Tranche I Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the electronic version of the Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.
- (b) The Designated Branches of the SCSBs shall accept Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any Application directly from Applicants after the closing time of acceptance of Applications on the Tranche I Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Tranche I Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please refer to “*Issue Structure*” on page 40 of this Tranche I Prospectus.
- (c) Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

**Please note that Applicants can make an Application for Allotment of NCDs in the dematerialized form only.**

#### **Submission of Direct Online Applications**

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges.*

In the event the Direct Online Application facility is implemented by the Stock Exchanges, relevant “know your customer” details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number (“UAN”) and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant’s bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

**As per the Debt Application Circular issued by SEBI, the availability of the Direct Online Applications facility is subject to the Stock Exchanges putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.**

#### **INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM**

##### **General Instructions**

- A. **General instructions for completing the Application Form**
  - Applications must be made in prescribed Application Form only;

- Application Forms must be completed in block letters in English, as per the instructions contained in this Tranche I Prospectus, the Prospectus the Abridged Prospectus and the Application Form.
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applications must be for a minimum of 10 NCDs and in multiples of 1 NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs or more in a single Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be.
- Every Applicant should hold a valid PAN and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of “Category of Investor” in the Application Form.
- Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and also ensure that the signature in the Application Form matches with the signature in Applicant’s bank records, otherwise the Application is liable to be rejected
- Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant’s active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five Applications can be made from one single ASBA Account;
- For Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchanges on the prescribed Application Form. SCSBs may provide the electronic mode for making Application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for Application and blocking funds in the ASBA Account;
- Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchanges, Designated Intermediaries and/or Designated Branch of the SCSB. Application Forms which do not bear the stamp will be rejected.

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

**Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.**

**Our Company would allot the Series I NCDs, as specified in this Tranche I Prospectus to all valid Applications, wherein the applicants have not indicated their choice of the relevant series of NCDs.**

#### **B. Applicant's Beneficiary Account Details**

Applicants must mention their DP ID and Client ID in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the beneficiary account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the beneficiary account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchanges do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected. On the basis of the Demographic details as appearing on the records of the DP, the Registrar to the Issue will issue Allotment Advice to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their beneficiary account details in the Application Form. Failure to do so could result in delays in delivery of Allotment Advice at the Applicants' sole risk, and neither our Company, the Lead Managers, Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries, Bankers to the Issue, SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same. In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. **Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.**

#### **C. Permanent Account Number (PAN)**

The Applicant should mention his or her PAN allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the central or state government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the general index register number i.e. GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the central or state government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

#### D. **Joint Applications**

Applications made in joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to first named in the Application whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

#### E. **Additional/ Multiple Applications**

An Applicant is allowed to make one or more Applications for the NCDs, subject to a minimum application size of ` 10,000 and in multiples of ` 1,000 thereafter as specified in the Prospectus. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.** Any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a HUF and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

#### **Do's and Don'ts**

Applicants are advised to take note of the following while filling and submitting the Application Form:

##### Do's

1. Check if you are eligible to apply as per the terms of this Tranche I Prospectus and applicable law;
2. Read all the instructions carefully and complete the Application Form in the prescribed form;
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue;
4. Ensure that the DP ID and Client ID and PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details shall be mandatory for all Applicants;
5. Ensure that you have mentioned the correct ASBA Account number in the Application Form;
6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder;
7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be;
8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Bidding Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediaries/Designated branch of the SCSB as the case may be;
9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Bidding Centre;
10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
11. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and

requirements prescribed by each relevant Stock Exchanges, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes;

12. Ensure that signatures other than in the languages specified in the 8th Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
13. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;
14. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
15. Ensure that the Applications are submitted to the Designated Intermediaries, or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Tranche I Issue Closing Date. For further information on the Issue programme, please refer to "*Issue Structure*" on page 40 of this Tranche I Prospectus.
16. Permanent Account Number: Except for Application (i) on behalf of the central or state government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the central or state government and officials appointed by the courts and for investors residing in the state of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;
17. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
18. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

**SEBI Circular No. CIR/DDHS/P/121/2018 dated August 16, 2018 stipulating the time between closure of the Issue and listing at 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.**

**Don'ts:**

1. Do not apply for lower than the minimum application size;
2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest;
3. Do not send Application Forms by post instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be;
4. Do not submit the Application Form to any non-SCSB bank or our Company.



5. Do not Bid on an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.
6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
9. Do not submit the Application Forms without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;
10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;
12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;
13. Do not submit Application Forms to a Designated Intermediary at a location other than Collection Centers;
14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;
15. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by persons resident outside india, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);
16. Do not make an application of the NCD on multiple copies taken of a single form.
17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue; and
18. Do not submit more than five Application Forms per ASBA Account.

**Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).**

**Please refer to “*Rejection of Applications*” on page 82 of this Tranche I Prospectus for information on rejection of Applications.**

#### **TERMS OF PAYMENT**

The Application Forms will be uploaded onto the electronic system of the Stock Exchanges and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such Applications from the Designated Intermediaries, (a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs to unblock the excess amount in the ASBA Account. For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchanges.

SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account. **Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries, or to the Designated Branches of the SCSBs. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.**

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 6 (six) Working Days of the Tranche I Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application, as the case may be.

#### **Payment mechanism for Direct Online Applicants**

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges.*

#### **SUBMISSION OF COMPLETED APPLICATION FORMS**

<b>Mode of Submission of Application Forms</b>	<b>To whom the Application Form has to be submitted</b>
Applications	(i) <i>If using <u>physical Application Form</u>, (a) to the Designated Intermediaries at relevant Bidding Centres or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or</i> (ii) <i>If using <u>electronic Application Form</u>, to the SCSBs, electronically through internet banking facility, if available.</i>

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges.*

#### **No separate receipts will be issued for the Application Amount payable on submission of Application Form.**

However, the Designated Intermediaries, will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slips which will serve as a duplicate Application Form for the records of the Applicant.

#### **Electronic Registration of Applications**

- (a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchanges. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchanges. **The Lead Managers, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (vi) the Applications accepted by and/or uploaded by and/or accepted but not uploaded by Lead Brokers, Trading Members, Registered Brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms.**

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other

things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated branches of the SCSBs in the data entries as such data entries will be considered for allotment/rejection of Application.

- (b) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of the Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Tranche I Issue Closing Date. On the Tranche I Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer to “*Issue Structure*” on page 40 of this Tranche I Prospectus.
- (c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, other than Direct Online Applications, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
  - PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID
  - Client ID
  - Number of NCDs applied for
  - Price per NCD
  - Bank code for the SCSB where the ASBA Account is maintained
  - Bank account number
  - Application amount
- (d) With respect to Applications submitted to the Designated Intermediaries at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
- Application Form number
  - PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID
  - Client ID
  - Number of NCDs applied for
  - Price per NCD
  - Bank code for the SCSB where the ASBA Account is maintained
  - Location
  - Application amount
- (e) A system generated acknowledgement will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant’s responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**
- (f) Applications can be rejected on the technical grounds listed on page 82 of this Tranche I Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.

- (g) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Tranche I Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.
- (h) **Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment.** The Lead Managers, Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchanges. In order that the data so captured is accurate the, Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Tranche I Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

### REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or any committee of our Company reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- (i) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (ii) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;
- (iii) Applications not being signed by the sole/joint Applicant(s);
- (iv) Investor Category in the Application Form not being ticked;
- (v) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- (vi) Applications where a registered address in India is not provided for the Applicant;
- (vii) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);
- (viii) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- (ix) PAN not mentioned in the Application Form, except for Applications by or on behalf of the central or state government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- (x) DP ID and Client ID not mentioned in the Application Form;
- (xi) GIR number furnished instead of PAN;
- (xii) Applications by OCBs;

- (xiii) Applications for an amount below the minimum application size;
- (xiv) Submission of more than five ASBA Forms per ASBA Account;
- (xv) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- (xvi) Applications under power of attorney or by limited companies, corporate, trust etc., submitted without relevant documents;
- (xvii) Applications accompanied by stockinvest/ cheque/ money order/ postal order/ cash;
- (xviii) Signature of sole Applicant missing, or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- (xix) Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority;
- (xx) Date of birth for first/sole Applicant (in case of Category III and IV) not mentioned in the Application Form;
- (xxi) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- (xxii) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;
- (xxiii) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediaries, as the case may be;
- (xxiv) Applications not having details of the ASBA Account to be blocked;
- (xxv) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
- (xxvi) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- (xxvii) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
- (xxviii) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- (xxix) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- (xxx) Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- (xxxi) Applications by any person outside India;
- (xxxii) Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;
- (xxxiii) Applications not uploaded on the online platform of the Stock Exchanges;

- (xxxiv) Applications uploaded after the expiry of the allocated time on the Tranche I Issue Closing Date, unless extended by the Stock Exchanges, as applicable;
- (xxxv) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Application Form, this Tranche I Prospectus and the Prospectus;
- (xxxvi) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (xxxvii) Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchanges, are not as per the records of the Depositories;
- (xxxviii) Applications providing an inoperative demat account number;
- (xxxix) Applications submitted to the Designated Intermediaries, at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and Applications submitted directly to the Banker to the Issue (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- (xl) Category not ticked;
- (xli) Forms not uploaded on the electronic software of the Stock Exchanges; and/or
- (xlii) In case of cancellation of one or more orders within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.

**Kindly note that Applications submitted to the Lead Managers, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Managers, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit Applications.**

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please refer to “*Information for Applicants*” on page 84 of this Tranche I Prospectus.

### **Information for Applicants**

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

### **BASIS OF ALLOTMENT**

#### **Basis of Allotment for NCDs**

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchanges and determine the valid Application for the purpose of drawing the valid Applications for the purpose of drawing the basis of allocation.

#### Allocation Ratio

For the purposes of the Basis of Allotment:

- A. *Applications received from Category I Applicants:* Applications received from Applicants belonging to Category I shall be grouped together (“**QIB Portion**”);
- B. *Applications received from Category II Applicants:* Applications received from Applicants belonging to Category II, shall be grouped together (“**Corporate Portion**”)

- C. *Applications received from Category III Applicants:* Applications received from Applicants belonging to Category III shall be grouped together (“**High Net Worth Individual Portion**”); and
- D. *Applications received from Category IV Applicants:* Applications received from Applicants belonging to Category IV shall be grouped together (“**Retail Individual Investor Portion**”).

For removal of doubt, the terms “QIB Portion”, “Corporate Portion”, “High Net Worth Individual Portion” and “Retail Individual Investor Portion” are individually referred to as a “Portion” and collectively referred to as “Portions”.

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Tranche I Issue up to the Tranche I Issue Limit i.e. aggregating up to ` 10,000 million. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Tranche I Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the “Tranche I Issue Limit”. The Secured NCDs shall be allotted for a value of up to ₹ 25,00,00,00,000 and the Unsecured NCDs shall be allotted for a value of up to ₹ 10,00,00,00,000 within the overall limit of ₹ 35,00,00,00,000.

#### **Allocation Ratio**

<b>QIB Portion</b>	<b>Corporate Portion</b>	<b>High Net Worth Individual Portion</b>	<b>Retail Individual Investor Portion</b>
20% of the Tranche I Issue Limit	20% of the Tranche I Issue Limit	30% of the Tranche I Issue Limit	30% of the Tranche I Issue Limit

#### *Basis of Allotment for NCDs*

- (a) Allotments in the first instance:
- (i) Applicants belonging to the QIB Portion, in the first instance, will be allocated NCDs up to 20% of Tranche I Issue Limit on first come first served basis which would be determined on the basis of upload of their Applications on daily basis in to the electronic book with Stock Exchange;
  - (ii) Applicants belonging to the Corporate Portion, in the first instance, will be allocated NCDs up to 20% of Tranche I Issue Limit on first come first served basis which would be determined on the basis of upload of their Applications on daily basis in to the electronic book with Stock Exchange;
  - (iii) Applicants belonging to the High Net Worth Individual Portion, in the first instance, will be allocated NCDs up to 30% of Tranche I Issue Limit on first come first served basis which would be determined on the basis of upload of their Applications on daily basis in to the electronic book with Stock Exchange;
  - (iv) Applicants belonging to the Retail Individual Investor Portion, in the first instance, will be allocated NCDs up to 30% of Tranche I Issue Limit on first come first served basis which would be determined on the basis of upload of their Applications on daily basis in to the electronic book with Stock Exchange;
- (b) Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis, based on the date of upload of each Application in to the Electronic Book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the allotments would be made to the applicants on proportionate basis.
- (c) For this Tranche I Issue, the Secured NCDs shall be allotted for a value of up to ₹ 25,00,00,00,000 and the Unsecured NCDs shall be allotted for a value of up to ₹ 10,00,00,00,000 within the overall limit of ₹ 35,00,00,00,000.

(d) Under Subscription

- (i) Retail Individual Investor Portion;
- (ii) High Net worth Individual Portion;
- (iii) Corporate Portion; and
- (iv) QIB Portion.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

(e) For each Portion, all Applications uploaded in to the Electronic Book with Stock Exchanges would be treated at par with each other. Allotment would be on proportionate basis, where NCDs uploaded into the Platform of the Stock Exchanges on a particular date exceeds NCDs to be allotted for each Portion respectively.

(f) Minimum allotment of 10 (ten) NCDs and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(g) Allotments in case of oversubscription: In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of NCDs to the Applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the Applicants on the date of oversubscription (based on the date of upload of each Application into the Electronic Book with Stock Exchange, in each Portion). For avoidance of doubt, the Secured NCDs shall be allotted for a value of up to ₹ 25,00,00,00,000 and the Unsecured NCDs shall be allotted for a value of up to ₹ 10,00,00,00,000 within the overall limit of ₹ 35,00,00,00,000.

(h) Proportionate Allotments: For each Portion, on the date of oversubscription:

- (i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;
- (ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Tranche I Issue size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference; and
- (iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalized by draw of lots in a fair and equitable manner.
- (iv) The total allotment under Series I, Series II and Series III shall not exceed a value of more than ₹ 25,00,00,00,000.
- (v) The total allotment under Series IV shall not exceed a value of more than ₹ 10,00,00,00,000.

(i) Applicant applying for more than one Series of Secured NCDs: If an Applicant has applied for more than one Series of Secured NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of Secured NCDs applied for, the Series-wise allocation of Secured NCDs to such Applicants shall be in proportion to the number of Secured NCDs with respect to each Series, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Managers and Designated Stock Exchange. Further, in the aforesaid scenario, wherein the Applicant has applied for all the three series and in case such Applicant cannot be allotted all the three series, then the Applicant would be allotted Secured NCDs, at the discretion of the Company, the Registrar and the Lead Managers wherein the NCDs with the least tenor i.e. allotment of NCDs with tenor of 39 months followed by allotment of NCDs with tenor of 60 months and so on.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Tranche I Issue shall be taken by our Company in consultation with the Lead Managers and the Designated Stock Exchanges and in compliance with the aforementioned provisions of this Tranche I Prospectus. Any other queries / issues in connection with the Applications will be appropriately dealt with and decided upon by our Company in consultation with the Lead Managers.



*Our Company shall allocate and allot Series I NCDs wherein the Applicants have not indicated their choice of the relevant NCD Series.*

### **Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications**

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within 6 (six) Working Days of the Tranche I Issue Closing Date.

### **ISSUANCE OF ALLOTMENT ADVICE**

Our Company shall ensure dispatch/and/or mail the Allotment Advice within 6 (six) Working Days of the Tranche I Issue Closing Date to the Applicants. The Allotment Advice for successful Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made within 6 (six) Working Days of the Tranche I Issue Closing Date.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchanges where the NCDs are proposed to be listed are taken within 6 (six) Working Days from the Tranche I Issue Closing Date.

Allotment Advices shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Tranche I Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be unblocked in the ASBA Accounts of the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent. per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue

### **OTHER INFORMATION**

#### **Withdrawal of Applications during the Issue Period**

Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Designated Intermediaries or the Designated Branch, as the case may be, through whom the Application had been placed. In case of Applications submitted to the Designated Intermediaries upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediaries shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchanges and intimating the Designated Branch of the SCSB to unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchanges and unblocking of the funds in the ASBA Account directly.

#### **Early Closure**

Our Company, in consultation with the Lead Managers reserves the right to close the Tranche I Issue at any time prior to the Closing Date of respective Tranche Prospectus, subject to receipt of minimum subscription for NCDs aggregating to 75% of the Base Issue Size. Our Company shall allot NCDs with respect to the Applications received at the time of such early closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

If our Company does not receive the minimum subscription of 75% of Base Issue Size prior to the Tranche I Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Tranche I Issue Closing Date of respective Tranche Prospectus, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Tranche I Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

## **Revision of Applications**

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders within an Application is permitted during the Tranche I Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Tranche I Issue Period, as allowed/permitted by the Stock Exchange(s), by submitting a written request to the Designated Intermediaries/the Designated branch of the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchanges, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Tranche I Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/or the Designated Branches of the SCSBs will be given up to one Working Day after the Tranche I Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

## **Depository Arrangements**

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, the NCDs issued by us can be held in a dematerialized form.

In this context:

- (i) Agreement dated May 25, 2016 between us, the Registrar to the Issue and NSDL, and dated August 19, 2016, between us, the Registrar to the Issue and CDSL, respectively for offering depository option to the investors.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (v) Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- (vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges has connectivity with NSDL and CDSL.
- (vii) Interest or other benefits with respect to the NCDs held in dematerialized form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (viii) The trading of the NCDs on the floor of the Stock Exchanges shall be in dematerialized form only.

Please also refer to “*Instructions for filling up the Application Form*” on page 74 of this Tranche I Prospectus.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

**PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGES SHALL BE IN DEMATERIALIZED FORM ONLY IN MULTIPLE OF ONE NCD.**

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

**Communications**

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchanges) should be addressed to the Registrar to the Issue with a copy to the relevant SCSB, quoting the full name of the sole or first Applicant, Application Form number, Applicant’s DP ID and Client ID, Applicant’s PAN, number of NCDs applied for, date of the Application Form, name and address of the Designated Intermediaries, or Designated Branch, as the case may be, where the Application was submitted and, ASBA Account number in which the amount equivalent to the Application Amount was blocked. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Applicants may contact the Lead Managers, our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchanges.

**Interest in case of Delay**

Our Company undertakes to pay interest, in connection with any delay in allotment and demat credit beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

**Undertaking by the Issuer**

*Statement by the Board:*

- (a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013.
- (b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- (d) the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
- (e) We shall utilize the Issue proceeds only upon allotment of the NCDs, execution of the Debenture Trust Deed as stated in this Tranche I Prospectus and on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and trading approval from the Stock Exchanges.
- (f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

- (g) The allotment letter shall be issued, or application money shall be unblocked within 15 days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

#### *Other Undertakings by our Company*

Our Company undertakes that:

- (a) Complaints received in respect of the Issue will be attended to by our Company expeditiously and satisfactorily;
- (b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
- (c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within 6 (six) Working Days of the Tranche I Issue Closing Date;
- (d) Funds required for dispatch of Allotment Advice will be made available by our Company to the Registrar to the Issue;
- (e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the Current Statutory Auditor, to the Debenture Trustee;
- (f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in this Tranche I Prospectus.
- (g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report.

#### **Utilisation of Issue Proceeds**

1. All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013.
2. Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
3. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
4. We shall utilize the Tranche I Issue proceeds only upon execution of the documents for creation of security as stated in this Tranche I Prospectus and on receipt of the minimum subscription.
5. The Tranche I Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

#### **Filing of the Shelf Prospectus and this Tranche Prospectus with the RoC**

A copy of the Shelf Prospectus and the Tranche I Prospectus has been filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

#### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Tranche I Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Shelf Prospectus and the Tranche I Prospectus with ROC and the date of release of this statutory advertisement will be included in the statutory advertisement.

**Lien**

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD Holder to our Company.

**Lien on Pledge of NCDs**

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

**Listing**

The NCDs offered through this Tranche I Prospectus are proposed to be listed on BSE. Our Company has obtained an 'in-principle' approval for the Issue from BSE vide its letter no DCS/BM/PI-BOND/14/18-19 dated 21 November, 2018.

For the purposes of the Issue, BSE shall be the Designated Stock Exchange. If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Tranche I Prospectus.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within 6 Working Days of the Tranche I Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

## STATEMENT OF TAX BENEFITS

To

**The Board of Directors**

Mahindra & Mahindra Financial Services Limited  
Mahindra Towers, 4th Floor  
Dr. G M. Bhosale Marg, Worli  
Mumbai - 400 018

Dear Sirs,

**Statement of Possible Tax Benefits available to the debenture holders of Mahindra & Mahindra Financial Services Limited (the 'Company') in connection with the proposed Issue of secured and / or unsecured, subordinated redeemable, non-convertible debentures ("NCDs") of face value Rs. 1,000 each, aggregating up to Rs. 10,000 crores (Rupees Ten Thousand crores only), in one or more tranches (the 'Proposed Issue').**

We, B S R & Co. LLP, Chartered Accountants, hereby report that the enclosed statement states the possible tax benefits available to the debenture holders of the Company under the Income-tax Act, 1961 (amended by The Finance Act, 2018), presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon their fulfilling such conditions which based on business imperatives it faces in the future, it may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or its own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

- (i) the debenture holders will continue to obtain these benefits in future; or
- (ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

**Yours faithfully,**

**For B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 101248W/W-100022

**Milind Ranade**

*Partner*

Membership No: 100564

Date: 5 November 2018

## ANNEXURE: STATEMENT OF TAX BENEFITS

### STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

Under the existing provisions of law, the following tax benefits, inter-alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which public are substantially interested<sup>1</sup>, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture.

The Debenture Holder is advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

#### A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ('I.T. ACT')

##### I. To the Resident Debenture Holder

###### *Interest on NCD*

1. Interest received by Debenture Holder(s) would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the rate of 10% at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:
  - (a) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under. (w.e.f. 01.06.2008).
  - (b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed Rs 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
  - (c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
  - (d) (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the nature of income referred in section 197(1) or section 197(1A) such as dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India etc. as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

To illustrate, as on 01.04.2018 -

- the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is Rs. 2,50,000;

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<sup>1</sup> Refer Section 2(18)(b)(B) of the I.T. Act.

- in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is Rs. 3,00,000; and
- in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is Rs. 5,00,000 for Financial Year 2018-19.

Further, section 87A provides a rebate of 100 percent of income-tax or an amount of Rs. 2,500 whichever is less to a resident individual whose total income does not exceed Rs. 3,50,000.

(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.

#### *Classification of gains on transfer*

3. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be depending whether the same is held as Stock in trade or investment. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

#### *Capital gains and other general provisions*

4. As per the provisions of section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. In all other cases, it is 36 months immediately preceding the date of its transfer.

As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration. However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Accordingly, long term capital gains arising to the Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures.

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which



is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

5. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax would also apply to such short term capital gains.
6. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

## **II To Mutual Funds**

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

## **III To the Foreign Institutional Investors (FIIs/FPIs)**

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs/FPIs<sup>2</sup> which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs as capital gains.
2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs/FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.
3. The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs/FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified<sup>3</sup> by the Government. In the regular course, interest is subject to tax at the rate of 20%
4. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs/FPIs.

## **IV To the Non-resident Indian Debenture Holder – Special provisions**

1. A non-resident Indian has ***an option*** to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:

*Interest on NCD and capital gains on transfer*

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<sup>2</sup> The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

<sup>3</sup> Refer Notification No. 56/2013 [F.No.149/81/2013-TPL]/SO 2311(E), dated 29-7-2013. As per the said Notification, in case of bonds issued on or after the 1st day of July, 2010, the rate of interest shall not exceed 500 basis points (bps) over the Base Rate of State Bank of India applicable on the date of issue of the said bonds.

- (a) Under section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

*Exemption from long-term capital gains*

- (b) Under section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein.

*Others relaxations*

- (c) Under section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
- (d) Under section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
2. In accordance with and subject to the provisions of section 115I of the I.T. Act, a Non-Resident Indian ***may opt not to be governed*** by the provisions of Chapter XII-A of the I.T. Act. In that case, the general provisions applicable to non-residents would apply.

**V. To Non-resident Debenture Holder –General**

1. Under the general provisions applicable to non-resident investors, the applicable tax rates are as under:
- (a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
- (b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
2. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E, and 30% for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian.
3. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term

capital gains. Long-term capital loss suffered (other than the long-term capital assets whose gains are exempt under Section 10(38) of the I.T. Act) during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

4. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes ('CBDT'), in the case of a remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the I.T. Act or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of Tax Residency Certificate ('TRC') is a mandatory condition for availing benefits under any DTAA. Further, such non-resident investor would also be required to furnish Form 10F along with TRC, if such TRC does not contain information prescribed by the CBDT vide its Notification No. 57/2013 dated 1 August 2013.
5. Alternatively, to ensure non-deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) / 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest.
6. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

#### **VI. General Anti-Avoidance Rule ('GAAR')**

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter alia denial of tax benefit, applicable w.e.f 1-04-2017. The GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23 September 2013.

#### **VII. Exemption under Sections 54EE and 54F of the I.T. Act**

Exemptions may be claimed from taxation of LTCG if investments in certain specified securities/assets is made subject to fulfillment of certain conditions. The following exemptions may be available to the debentureholders:

- (a) Section 54EE of the Act exempts long-term capital gains on transfer of long term capital assets if the gains upto Rs.50 lakhs are invested in "long term specified assets" (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.
- (b) Section 54F of the Act exempts long-term capital gains on transfer of shares, held by an individual or HUF, if the net consideration is utilized to purchase/ construct a residential house within specified timelines.

#### **VIII. Requirement to furnish PAN under the I.T. Act**

1. *Sec.139A(5A)*

Section 139A(5A) requires every person from whose income tax is to be deducted at source to furnish his PAN to the person responsible for deduction of tax at source.

2. *Sec.206AA*

- (a) Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:
- (b) at the rate in force specified in the relevant provision of the I.T. Act; or
- (c) at the rate of **twenty per cent**

However, new rule 37BC of the Income Tax Rules provides that the provisions of section 206AA of the I.T Act shall not apply on payments made to non-resident deductees who do not have PAN in India. The non-resident deductee in this regard, shall be required to furnish few prescribed details inter alia name, email-ID, contact number, certificate of his being resident in that country and Tax Identification Number (TIN).

- (d) A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case.
- (e) Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply apart from any penal consequences.

**XI. Taxability of Gifts received for nil or inadequate consideration**

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after 1st April 2017:

- (i) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;
- (ii) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;

shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated on section 56(2)(x) of the Act.

**X. General Tax Rates (relevant for computing tax on short term capital gains)**

Rates applicable to different categories of assesses:

- (a) The slab rates applicable to individuals/HUF/Association of Persons (AOP)/Body of Individuals (BOI)/Artificial Juridical Person are as under:

<b>Slabs</b>	<b>% of Income Tax</b>
Up to Rs. 2.5 lakhs (Basic exemption limit)	NIL
From Rs. 2.5 lakhss to Rs. 5 lakhs	5% of the amount by which the total income exceeds Rs. 2.5 lakhs
From Rs. 5 lakhs to Rs. 10 lakhs	Rs. 12,500 plus 20% of the amount by which the total income exceeds Rs. 5 lakhs
Above Rs. 10 lakhs	Rs. 1,12,500 plus 30% of the amount by which the total income exceeds Rs. 10 lakhs.

Basic exemption limit for resident senior citizens of 60 years but below 80 years of age is Rs. 3 lakhs and for resident senior citizens of 80 years of age or more is Rs. 5 lakhs.

An individual resident, whose total income does not exceed Rs. 500,000 (Rs. 3,50,000 w.e.f. 1 April 2018), shall be eligible for a rebate of amount of income-tax payable on the total income for any assessment year or Rs 2500, whichever is less.

(b) Rates applicable to other categories of assesses:

Assessee	% of Income Tax
Partnership Firms	30%
Indian Corporates	30%*
Foreign Company	40%

\*The Finance Act, 2018, provides that where the total turnover or the gross receipt of the domestic company does not exceed Rs. 250 crores in the previous year 2016-17, the rate of income tax is 25%.

### ***Surcharge and cess***

The rates of surcharge applicable to various assessees are provided as under:

Particulars	If total income does not exceed Rs. 50 lakh	If total income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 crore	If total income exceeds Rs. 1 crore
Individuals/HUF/ AOP/ BOI/ Artificial Juridical Person	Nil	10%	15%

Particulars	If total income does not exceed Rs. 1 crore	If total income exceeds Rs. 1 crore but doesn't exceed Rs. 10 crore	If total income exceeds Rs. 10 crore
Domestic Company	Nil	7%	12%
Other than Domestic Companies	Nil	2%	5%

In case of Firms [including Limited Liability Partnership ('LLP')] and Local Authority, surcharge will be applicable at the rate of 12% if income exceeds Rs. 1 crore.

Over and above the surcharge, 'Health and Education Cess' at the rate of 4% on tax including surcharge is payable by all taxpayers persons.

## **1 B. IMPLICATIONS UNDER THE WEALTH TAX ACT, 1957**

The Finance Act, 2015 has abolished Wealth Tax Act, 1957 with effect from 1 April 2016 which shall then apply in relation to FY 2015-16 and subsequent years. There is, therefore, no wealth tax obligation arising out of the investment in debentures.

### **2 Notes**

1. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and Wealth Tax Act, 1957 (collectively referred to as 'direct tax laws') and does not cover benefits under any other law.
2. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of

debentures/bonds. Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2019-20 (considering the amendments made by Finance Act, 2018).
4. This statement is intended only to provide general information to the Debenture Holder(s) and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.
5. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile. For taxes paid in India, the same could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic tax law.
7. Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act.
8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

## SECTION IV- MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Tranche I Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Corporate Office of our Company situated at 4<sup>th</sup> Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018, Maharashtra between 10 am to 5 pm on any Working Day (Monday to Friday) during which issue is open for public subscription under the respective Tranche Prospectus.

### MATERIAL CONTRACTS

1. Issue Agreement dated November 5, 2018 between our Company and the Lead Managers.
2. Registrar Agreement dated November 2, 2018 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated November 1, 2018 executed between our Company and the Debenture Trustee.
4. Undertaking by our Company dated December 21, 2018 for execution of Debenture Trust Deed.
5. Public Issue Account Agreement dated December 21, 2018 executed by the Company, the Public Issue Account Bank and Refund Bank.
6. Consortium Agreement dated December 21, 2018 between our Company, the Consortium Members and the Lead Managers.
7. Tripartite agreement dated August 19, 2016 among our Company, the Registrar and CDSL.
8. Tripartite agreement dated May 25, 2016 among our Company, the Registrar and NSDL.

### MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Certificate of Incorporation of our Company dated January 1, 1991, issued by Registrar of Companies, Mumbai.
3. Certificate of Registration as an NBFC from the RBI dated September 4, 1998 issued by RBI u/s 45 IA of the Reserve Bank of India, 1934.
4. Copy of shareholders resolution dated June 14, 2018 under section 180 (1) (c) of the Companies Act, 2013 on overall borrowing limits of the Board of Directors of our Company.
5. Copy of the resolution by the Board of Directors dated October July 27, 2018, approving the issue of NCDs.
6. Copy of the resolution passed by Bond Issue Committee at its meeting held on dated December 21, 2018 approving the Shelf Prospectus and the Tranche I Prospectus.
7. Credit rating Letter dated September 29, 2018 revalidated by letters dated October 31, 2018 and December 18, 2018 and credit rating rationale dated November 2, 2018 by CARE Ratings Limited assigning a rating of 'CARE AAA; Stable' to the long term borrowing programme of our Company.
8. Credit rating Letter dated October 3, 2018, revalidated by letters dated November 2, 2018 and December 17, 2018 and credit rating rationale dated October 1, 2018 by India Ratings assigning a rating of "IND AAA; Stable" to the long term borrowing of our Company.

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer (c) Bankers to our Company (d) Lead Managers; (e) the Registrar to the Issue, (f) Legal Advisor to the Issue, (g) Credit Rating Agencies, (h) the Debenture Trustee (i) Chief Financial Officer (j) Public Issue Account Bank, (k) Refund Bank, (l) CRISIL for "CRISIL Research on Retail Finance – Auto dated 2 November,

2018”, “CRISIL Research on Retail Finance – Housing dated 2 November, 2018”, “CRISIL Research on Retail Finance – Cars and Utility Vehicles dated 2 November, 2018” and “CRISIL Research on Retail Finance – Tractors dated 2 November, 2018”.

9. Consent of the Statutory Auditors of our Company dated December 21, 2018, for inclusion of their name and the report on the Limited Review Financials, Reformatted Financial Information, Statement of Tax Benefits in the form and context in which they appear in this Tranche I Prospectus.
10. Statement of tax benefits dated November 5, 2018 issued by our Statutory Auditors.
11. Annual Report of our Company for the last five Fiscals.
12. In-principle listing approval from BSE by its letter no. DCS/BM/PI-BOND/14/18-19 dated 21 November, 2018.
13. Due Diligence Certificate dated December 21, 2018 filed by the Lead Managers with SEBI.
14. ESOP Schemes
15. Shareholders Agreement dated October 16, 2017 among our Company, Inclusion Resources Private Limited and MIBL

Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Debentureholders, in the interest of our Company in compliance with applicable laws.



## DECLARATION

We, the Directors of the Company, hereby certify and declare that all the relevant provisions of the Companies Act and rules prescribed thereunder to the extent applicable as on this date, the guidelines issued by the Government of India and the regulations and guidelines and circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, in connection with the Tranche I Issue have been complied with and no statement made in this Tranche I Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Tranche I Prospectus..

We further certify that all the disclosures and statements in this Tranche I Prospectus are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Tranche I Prospectus does not contain any misstatements.

### **Signed by the Board of Directors of the Company**

\_\_\_\_\_  
Mr. Dhananjay Narendra Mungale, Chairman and Independent Director

\_\_\_\_\_  
Mr. Ramesh Iyer, Vice-Chairman and Managing Director

\_\_\_\_\_  
Mr. Manohar Gopal Bhide, Independent Director

\_\_\_\_\_  
Mr. Piyush Gunwantrao Mankad, Independent Director

\_\_\_\_\_  
Ms. Rama Bijapurkar, Independent Director

\_\_\_\_\_  
Mr. Chandrashekhar Bhave, Independent Director

\_\_\_\_\_  
Mr. V S Parthasarathy, Non-Executive Director

\_\_\_\_\_  
Mr. Ravi Venkatraman, Executive Director and Chief Financial Officer

\_\_\_\_\_  
Dr. Anish Shah, Non-Executive Director

Date: December 21, 2018

Place: Mumbai

**ANNEXURE A**

**CREDIT RATING LETTER DATED SEPTEMBER 29, 2018 REVALIDATED BY LETTERS DATED OCTOBER 31, 2018 AND DECEMBER 18, 2018 AND CREDIT RATING RATIONALE DATED NOVEMBER 2, 2018 BY CARE RATINGS LIMITED ASSIGNING A RATING OF 'CARE AAA; STABLE'**

CARE/HO/RL/2018-19/3183

Mr. Ramesh Iyer  
Managing Director  
Mahindra & Mahindra Financial Services Ltd.  
Mahindra Towers,  
Dr. G M. Bhosale Marg,  
P. K. Kurne Chowk, Worli,  
Mumbai - 400 018

September 29, 2018

**Confidential**

Dear Sir,

**Credit Rating of various Debt Instruments**

On the basis of recent developments including operational and financial performance of your company for FY18 (audited) and Q1FY19 (unaudited), our Rating Committee has reviewed the following ratings:

Instruments	Amount (Rs. Cr)	Rating <sup>1</sup>	Rating Action
Secured Non-convertible debentures <sup>@</sup>	3,200 (Rs. Three Thousand Two Hundred Crore only)	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Unsecured Non-convertible debentures <sup>#</sup>	1,250 (Rs. One Thousand Two Hundred Fifty Crore only)	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Subordinated debt <sup>\$</sup>	1,600 (Rs. One Thousand Six Hundred Crore only)	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Proposed Public Issue of Long term Debt program (Non-convertible debentures/Subordinated debt)	10,000 (Rs. Ten Thousand Crore only)	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed

@: Amount Outstanding: Rs.3,133 crore, #: Amount Outstanding: Rs.1,000 crore, \$: Amount Outstanding: Rs.379 crore as on September 26, 2018

2. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

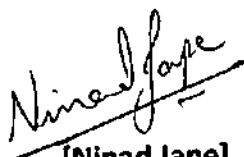
Instrument type	ISIN	Issue Size (Rs. Cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

3. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
  4. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
  5. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
  6. CARE ratings are not recommendations to buy, sell, or hold any securities.
- If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

  
[Ninad Jape]

Analyst  
[ninad.jape@careratings.com](mailto:ninad.jape@careratings.com)



[Aditya Acharekar]  
Associate Director  
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Encl.: As above

Page 2 of 3

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In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

ND

**CARE/HO/RL/2018-19/3543**

**Mr. Ramesh Iyer**  
Managing Director  
**Mahindra & Mahindra Financial Services Ltd.**  
Mahindra Towers, Dr. G M. Bhosale Marg,  
P. K. Kurne Chowk, Worli, Mumbai - 400 018

October 31, 2018

**Confidential**

Dear Sir,

**Credit rating for various Debt instruments**

Please refer to our letter dated September 29, 2018 and your request for revalidation of the rating assigned to the Non-Convertible Debenture and subordinated debt issues of your company.

2. The following rating has been reviewed

Instrument	Rated Amount (Rs. Cr.)	Amount o/s as on October 30, 2018 (Rs. Cr)	Rating <sup>1</sup>	Rating Action
Secured Non-Convertible Debenture	3,200	3,133	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Secured Non-Convertible Debenture	1,250	1,000	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Subordinated Debt	1,600	1,375	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Proposed Public Issue of Long term Debt program (Non-convertible debentures / Subordinated debt)	10,000	-	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed

3. Please arrange to get the rating revalidated, in case the proposed issues are not made within six months from the date of this letter.

4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.
7. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
8. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



**[Ninad Jape]**

Analyst

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**[Aditya Acharekar]**

Associate Director

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**CARE Ratings Limited**

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In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

NJ

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**CARE/HO/RR/2018-19/2028**

**Mr. Ramesh Iyer**  
Managing Director  
**Mahindra & Mahindra Financial Services Ltd.**  
Mahindra Towers,  
Dr. G M. Bhosale Marg,  
P. K. Kurne Chowk, Worli,  
Mumbai - 400 018

November 2, 2018

**Confidential**

Dear Sir,

**Credit Rating of Various Debt Instruments**

Please refer to our letter dated September 29, 2018 on the above subject.

2. A write-up (Rating Rationale) on the above ratings is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - I**.
3. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,



**[Ninad Jape]**

Analyst

[ninad.jape@careratings.com](mailto:ninad.jape@careratings.com)



**[Aditya Acharekar]**

Associate Director

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Encl: As above

CARE/HO/RL/2018-19/4045

Mr. Ramesh Iyer  
Managing Director  
Mahindra & Mahindra Financial Services Ltd.  
Mahindra Towers, Dr. G M. Bhosale Marg,  
P. K. Kurne Chowk, Worli, Mumbai - 400 018

December 18, 2018

**Confidential**

Dear Sir,

**Credit rating for various Debt instruments**

Please refer to our letter dated November 14, 2018 and your request for revalidation of the rating assigned to the various debt instruments of your company.

2. The following rating has been reviewed

Instrument	Rated Amount (Rs. Cr.)	Amount o/s* (Rs. Cr)	Rating <sup>1</sup>	Rating Action
Secured Non-Convertible Debenture	3,450	3,253	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Unsecured Non-Convertible Debenture	1,000	1,000	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Subordinated Debt	1,600	1,375	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Proposed Public Issue of Long Term Debt Program (Non-Convertible Debentures/ Subordinated Debt)	10,000	-	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed

\*: As on December 13, 2018

3. Please arrange to get the rating revalidated, in case the proposed issues are not made within six months from the date of this letter.

4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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8. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



[Ninad Jape]

Analyst

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[Aditya Acharekar]

Associate Director

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**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Limited)

**Annexure – I**  
**Rating Rationale**  
**Mahindra & Mahindra Financial Services Limited**

**Ratings:**

Instruments	Amount (Rs. Cr)	Rating <sup>1</sup>	Rating Action
Secured Non-convertible debentures	3,200	CARE AAA; Stable (Triple A; Outlook Stable)	Reaffirmed
Unsecured Non-convertible debentures	1,250	CARE AAA; Stable (Triple A; Outlook Stable)	Reaffirmed
Subordinated debt	1,600	CARE AAA; Stable (Triple A; Outlook Stable)	Reaffirmed
Public Issue of Long term Debt program (Non-convertible debentures / Subordinated debt) (Proposed)	10,000	CARE AAA; Stable (Triple A; Outlook Stable)	Reaffirmed

**Rating Rationale:**

*The rating assigned to the debt instruments of Mahindra and Mahindra Financial Services (MMFSL) factor in the majority ownership by Mahindra & Mahindra Limited (M&M; rated 'CARE AAA; Stable') and strategic importance of MMFSL for M&M. The ratings also take into account the expected support from M&M, operational linkages with M&M, sharing of a common brand name, resource raising ability being part of the group, MMFSL's strong management, long track record of operations with strong position in financing of tractors and utility vehicles, comfortable capitalization and liquidity profile, diversified asset mix and well-diversified funding profile and moderate profitability profile.*

*The ratings also factor in the stressed asset quality due to the seasonal nature of income of its customers in rural and semi-urban areas and have higher susceptibility to slowdown in the overall economy and moderate profitability parameters.*

*Credit profile of the parent (M&M), strategic importance of MMFSL for M&M, asset quality, profitability and capitalization are the key rating sensitivities.*

**Background:**

MMFSL is a subsidiary of M&M (holding 51.2% stake in MMFSL) and enjoys market leadership position in its key product segments like tractor and utility vehicle financing. MMFSL was incorporated in 1991 and started its operations as a captive financier for M&M vehicles but since 2002-03 it has started financing vehicles of other Original Equipment Manufacturers (OEMs) like Maruti Suzuki, Hyundai,

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

Nissan and Tata. As on June 30, 2018, MMFSL had its network spread through 1,291 offices covering 27 states and 5 union territories in India.

MMFSL has four main subsidiaries namely, Mahindra Insurance Brokers Ltd. (80% stake), Mahindra Rural Housing Finance Ltd. (89%), Mahindra Asset Management Company Pvt. Ltd. (100%) and Mahindra Trustee Company Pvt. Ltd. (100%). It also has a US based joint venture company, Mahindra Finance USA LLC., which is in the business of providing wholesale inventory financing to US based dealers, financing dealer purchases of Mahindra products and providing retail financing to end-user customers to finance their lease or purchase of Mahindra products.

As on March 31, 2018 on a consolidated basis, the company had a net worth of Rs.9,221 crore and a gross loan portfolio of Rs.60,275 crore. The Board of Directors of MMFSL is headed by Mr. Dhananjay Mungale (Independent Chairman) who has vast experience in corporate and investment banking. The operations of the company are headed by Mr. Ramesh Iyer (Vice Chairman & Managing Director). Mr. Iyer has been associated with the company since inception and is also a member of Group Executive Board of M&M. He is also member of the Group Executive Board of M&M (as President – Financial Services Sector) which explores synergies between all the businesses and formulates strategic plans.

#### **Credit Risk Assessment:**

##### ***Strong parentage, shared brand and Board of Directors and management support***

MMFSL is a subsidiary of M&M, which has a leadership position in the tractors and utility vehicles (UV) segment in India, with market share of ~43% and ~25% respectively as at March 31, 2018. MMFSL synergizes with M&M through shared 'Mahindra' brand as well as representation on Board of Directors as well as management support. The Board of MMFSL has representation from the Mahindra group by Dr. Anish Shah (Group President – Strategy at M&M) and Mr. V S Parthasarathy (Group CFO and CIO for M&M).

##### ***About Mahindra & Mahindra Ltd***

Incorporated in 1945, Mahindra & Mahindra Ltd (M&M) is the flagship company of the USD 20.7 billion Mahindra group. The group, via various subsidiaries and joint ventures, is present in 10 business segments, across 20 industries – covering automotive, farm equipment, financial services, components, IT, hospitality, aerospace, logistics, consulting, agri business, defense, clean energy, industrial equipment, real estate & infrastructure, retail, steel, two-wheelers, aftermarket, boats and construction

equipment. M&M is one of the most diversified auto companies in India. Its core businesses include manufacture of auto [Passenger Vehicles (PV), Commercial Vehicles (CV), three-wheelers, two-wheelers etc.] and farm equipment (tractors and other farm equipment) etc.

***Strategically important subsidiary for the parent***

MMFSL is a strategically important subsidiary for M&M and helps in its sales of rural and semi-urban products like tractors and utility vehicles. MMFSL is the largest financier of M&M vehicles providing finance to around 30% of M&M vehicles for FY18 (refers to period from April 01 to March 31). M&M vehicles financed constituted around 45% of AUM of MMFSL as on June 30, 2018.

***Long track record of operations and diversified OEM base***

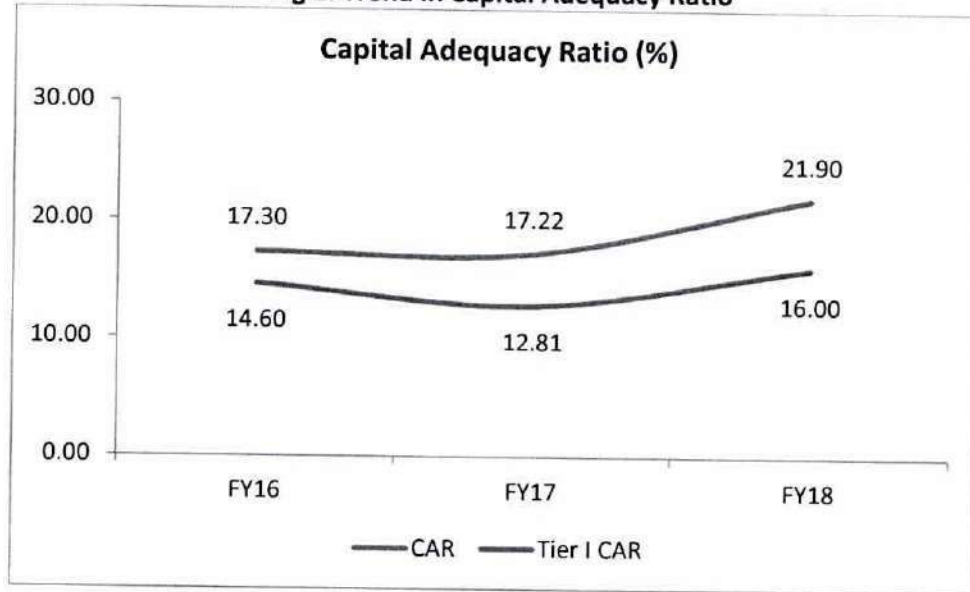
MMFSL started business in 1991 and hence has a long track record of operations. It has the experience of operating in various business cycles. It started as a captive financier for M&M but from 2002-03 the company has started financing vehicles of other Original Equipment Manufacturers (OEMs) like Maruti Suzuki, Hyundai, Eicher, Nissan, Tata, etc. which along with SME financing account for nearly 55% of AUM of MMFSL as on June 30, 2018.

***Comfortable capital adequacy ratio post equity infusion during FY18***

MMFSL has consistently maintained comfortable capital adequacy ratio at or above 17%. As on March 31, 2018, total capital adequacy ratio (CAR) stood at 22.70% with a Tier I CAR at 17.00% and CAR of 21.90% with Tier I CAR of 16.60% as on June 30, 2018<sup>2</sup>. The company raised equity capital of Rs.2,111 crore, out of which Rs.1,055 crore was raised through preferential allotment to Mahindra & Mahindra Ltd (M&M); thereby maintaining its majority shareholding at 51.19% and Qualified Institutional placement amounting to Rs.1,056 crore.

<sup>2</sup> As per IGAAP

**Fig 1: Trend in Capital Adequacy Ratio**



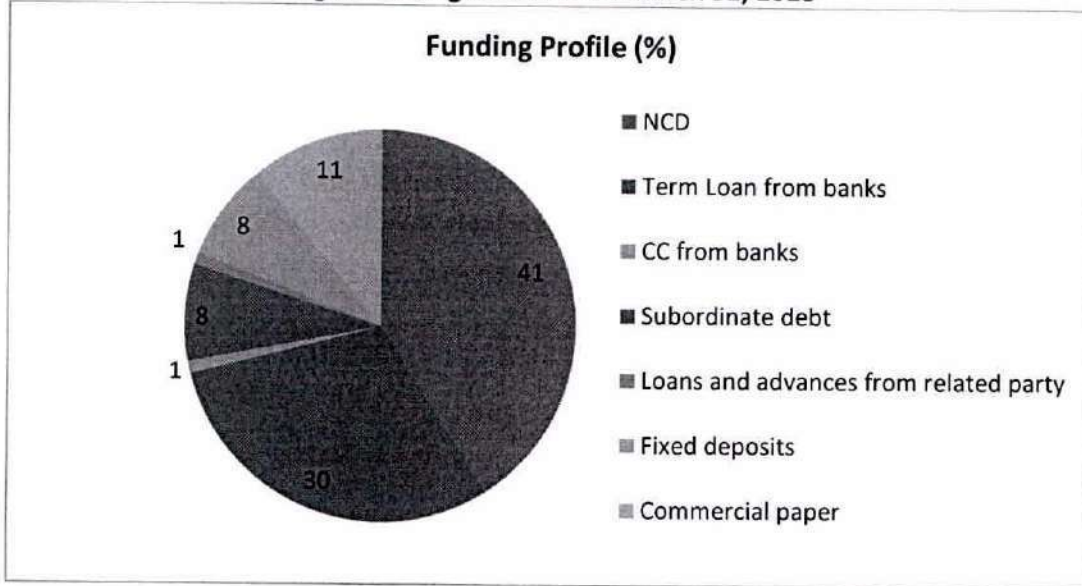
***Diversified funding profile and liquidity profile***

MMFSL's funding profile is well diversified with resources being raised from various avenues like non-convertible debentures, subordinated debt, and domestic and foreign currency loans from banks, public deposits, and commercial paper. The company has bank lines from a variety of banks to meet its funding requirements. The company also securitised its portfolio every year which is another source of funding. The contractual tenor of the loan assets is well matched to the borrowings. MMFSL also maintains unutilized lines of credit from banks (over Rs.900 crore) to take care of any liquidity needs. In addition, the company also has access to funding lines from group companies to meet any liquidity requirements.

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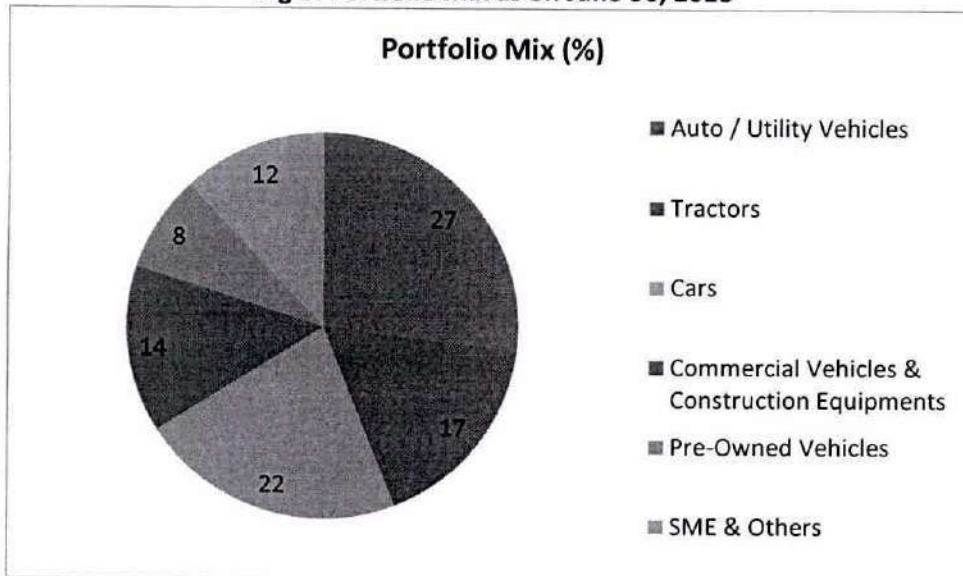
**Fig 2: Funding Profile as on March 31, 2018**



**Diversified portfolio mix**

MMFSL, on a standalone basis, had an AUM of Rs.58,711 crore as on June 30, 2018, which is well diversified with various asset classes like Auto/utility vehicles (27%), car (22%), tractor (17%), commercial vehicles & Construction equipment (14%), Pre owned vehicles (8%), SMEs and others (12%).

**Fig 3: Portfolio Mix as on June 30, 2018**



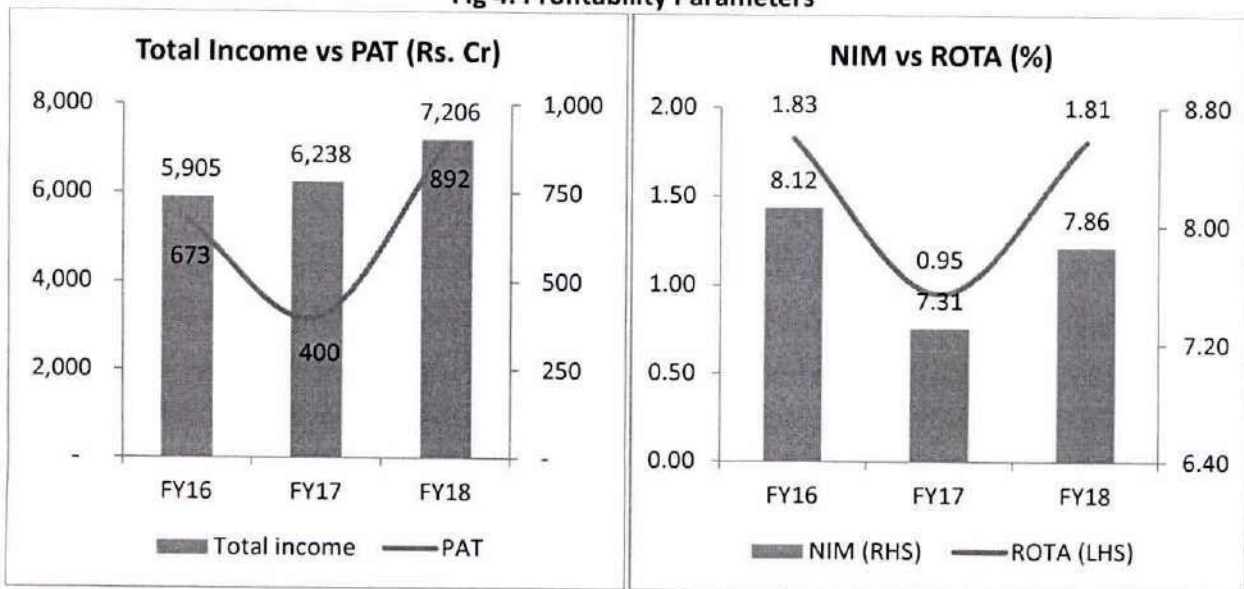
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**Moderate profitability profile with improvement during FY18**

As the target segment of the company is rural which has high dependence on cash, MMFSL saw impact on profitability on account of demonetization during FY17 (especially second half of the year) resulting in decline of 40% in Profit After Tax (PAT) to Rs.400 crore on total income of Rs.6,238 crore during FY17 as compared to PAT of Rs.673 crore on total income of Rs.5,905 crore during FY16. During FY18, MMFSL saw improvement in recovery and collections resulting in improvement in profitability. It reported PAT of Rs.892 crore on total income of Rs.7,206 crore during FY18 with Return on Total Assets (ROTA) improving to 1.81% as against 0.95% for FY17.

During Q1FY19 (refers to period from April 01 to June 30), MMFSL reported financial results under IND AS and reported PAT of Rs.269 crore on total income of Rs.1,940 crore as compared to PAT of Rs.201 crore on total income of Rs.1,509 crore during Q1FY18 (under IND AS).

**Fig 4: Profitability Parameters**



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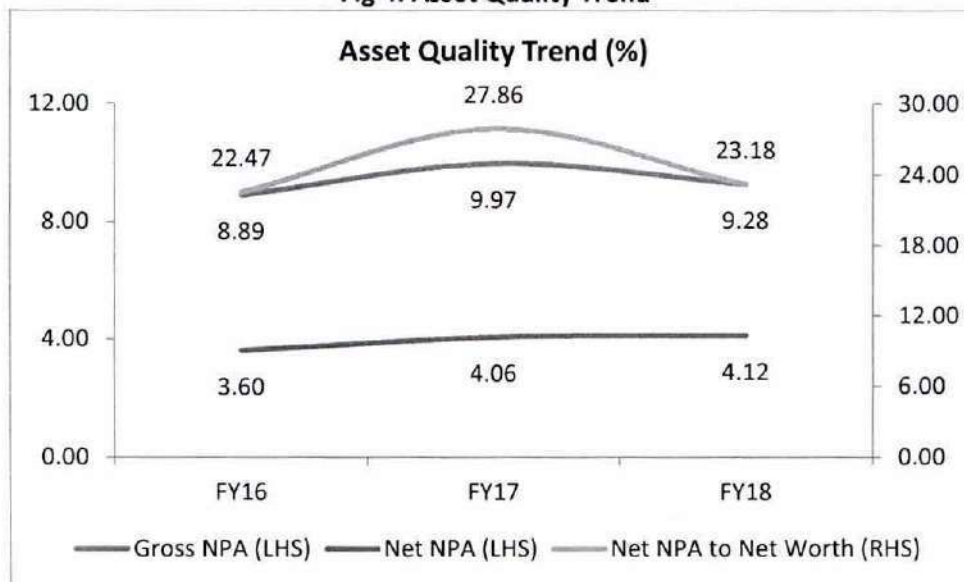
**Asset quality under pressure**

The asset quality parameters of MMFSL have traditionally been inferior to its peers as its business is closely linked to rural economy with uncertain cash flows. However, the loan pricing takes care of higher delinquencies with above industry average profitability. After two consecutive droughts, country received normal monsoon in 2016 and 2017 which was a positive for customer profile of MMFSL; however, company faced incremental stress in asset quality parameters for short term on account of

lower collections due to demonetization which has stabilised since then. Further, adequate monsoon during 2018 is expected to improve the asset quality in the current financial year.

The company reported Gross NPA ratio of 9.26% (P.Y.: 9.93%) and Net NPA ratio of 4.10% (P.Y.: 4.05%) respectively as on March 31, 2018. MMFSL has migrated to 90+ dpd NPA recognition from 120+ dpd criteria from FY18. Net NPA to net worth was 23.18% (P.Y.: 27.84%) as on March 31, 2018. The company has reported Stage 3 assets (90+ dpd) of 9.43% (P.Y.: 14.54%) and Net NPA ratio of 6.33% (P.Y.: 9.31%) under IND AS as on June 30, 2018.

**Fig 4: Asset Quality Trend**



**Prospects:**

Over the last few years, the NBFC sector has gained systemic importance with increase in share of NBFC total assets to bank total assets. The same has resulted in the Reserve Bank of India (RBI) taking various policy actions resulting in NBFCs attracting higher support and regulatory scrutiny. The RBI has revised the regulatory framework for NBFCs which broadly focuses on strengthening the structural profile of NBFC sector, wherein focus is more on safeguarding depositors' money and regulating NBFCs which have increased their asset-size over time and gained systemic importance. On the asset quality front, gradual change in the NPA recognition norms would lead to deterioration in asset quality parameters during the transition phase. Overall the revised regulations are positive for the NBFC sector making it structurally stronger, increase transparency and improve their ability to withstand asset quality shocks in the long run.

Due to subdued economic environment, last few years have been challenging period for the NBFCs with moderation in growth and rising delinquencies resulting in higher provisioning thereby impacting profitability. However, comfortable capitalization levels and liquidity management continue to provide comfort to the credit profile of NBFCs in spite of impact on profitability.

**Financial Performance:**

(Rs. Crore)

Particulars	FY16 12m, A	FY17 12m, A	FY18 12m, A
Interest income on loan portfolio	5,307	5,692	6,612
Other interest income	117	119	122
Service charges and other fees on loan transactions	223	243	271
Income from assignment / securitization transactions	206	119	142
Other income	52	64	59
<b>Total Income</b>	<b>5,905</b>	<b>6,238</b>	<b>7,206</b>
Interest expense	2,639	2,857	3,000
Operational expenses	1,178	1,451	1,671
Bad debts and write offs	510	845	1,058
Provision for Non-performing assets & std. assets	539	464	169
Profit before tax	1,038	620	1,308
<b>Profit after tax</b>	<b>673</b>	<b>400</b>	<b>892</b>
Total Loan portfolio	36,258	42,107	50,750
Asset Under Management (AUM)	40,993	46,776	55,101
Total investment	1,483	1,889	1,873
Tangible Net worth	5,497	5,742	8,502
Total borrowings	29,452	34,670	39,417
Cash and bank balance	589	578	411
Total assets	38,989	45,250	53,567
<b>Key Ratios (%)</b>			
Overall Gearing (times)	5.36	6.04	4.64
Interest coverage (before provisions)	1.79	1.68	1.85
Interest coverage (after provisions)	1.39	1.22	1.44
NIM	8.12	7.30	7.84
ROTA	1.83	0.95	1.81
RONW	12.52	7.12	12.52
Yield on loan portfolio	15.42	14.53	14.24
Cost of borrowings	9.47	8.91	8.10
Spread	5.95	5.61	6.14
Gross NPA (Rs. Crore)	3,224	4,183	4,699
Net NPA (Rs. Crore)	1,235	1,600	1,971
Gross NPA (%)	8.89	9.93	9.26
Net NPA (%)	3.60	4.05	4.10
Net NPA to net worth (%)	22.47	27.86	23.18

Particulars	FY16 12m, A	FY17 12m, A	FY18 12m, A
CAR	17.30	17.22	21.90
Tier I CAR	14.60	12.81	16.00
Operational expenses / Avg. total assets (%)	3.20	3.44	3.38

A: Audited

**Analyst Contact:**

Name: Aditya Acharekar

Tel: 022 – 6754 3528

Email: [aditya.acharekar@careratings.com](mailto:aditya.acharekar@careratings.com)

**(This follows our Brief Rationale for entity published on October 8, 2018)**

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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**ANNEXURE B**

**CREDIT RATING LETTER DATED OCTOBER 3, 2018, REVALIDATED BY LETTERS DATED NOVEMBER 2, 2018 AND DECEMBER 17, 2018 AND CREDIT RATING RATIONALE DATED OCTOBER 1, 2018 BY INDIA RATINGS ASSIGNING A RATING OF “IND AAA; STABLE”**

**Mr. Dinesh Prajapati**

VP - Treasury & Corporate Affairs,  
Mahindra & Mahindra Financial Services Limited,  
4<sup>th</sup> Floor, Mahindra Towers,  
Dr. G.M. Bhosale Marg, Worli,  
Mumbai -400018

October 3, 2018

Dear Mr. Prajapati,

**Re: Mahindra & Mahindra Financial Services Limited (MMFSL)**

India Ratings (see definition below) assigns the following ratings to MMFSL:-

- INR100bn retail non-convertible debentures (NCD): 'IND AAA'/ Outlook Stable (the rated limit is interchangeable with retail subordinated debt)
- INR5bn Principal protected market linked debenture: IND PP-MLD AAA emr/Stable

**\*\*The suffix emr denotes the exclusion of the embedded market risk from the rating. The rating of the market linked debentures is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on the instrument will be based on the performance of a reference index or equity share (detailed in the information memorandum of the issue).**

**PP-MLD refers to full principal protection in the equity-linked notes wherein the issuer is obligated to pay the full principal upon maturity.**

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can

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be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

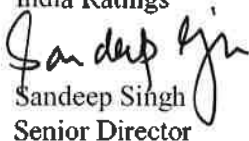
It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at 91 22 4000 1700.

Sincerely,  
India Ratings

  
Sandeep Singh  
Senior Director

  
Prakash Agarwal  
Director



**Mr. Dinesh Prajapati**  
VP - Treasury & Corporate Affairs,  
Mahindra & Mahindra Financial Services Limited,  
4<sup>th</sup> Floor, Mahindra Towers,  
Dr. G.M. Bhosale Marg, Worli,  
Mumbai -400018

November 2, 2018

Dear Mr. Prajapati,

**Re: Mahindra & Mahindra Financial Services Limited (MMFSL)**

India Ratings (see definition below) communicates the following ratings to MMFSL:-

- INR100bn retail non-convertible debentures (NCD): 'IND AAA' Outlook Stable (the rated limit is interchangeable with retail subordinated debt)
- INR5bn Principal protected market linked debenture: IND PP-MLD AAA emr/Stable

The limits on retail NCD and Principal protected market linked debenture are unutilized and yet to be issued

**\*\*The suffix emr denotes the exclusion of the embedded market risk from the rating. The rating of the market linked debentures is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on the instrument will be based on the performance of a reference index or equity share (detailed in the information memorandum of the issue).**

PP-MLD refers to full principal protection in the equity-linked notes wherein the issuer is obligated to pay the full principal upon maturity.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

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be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.


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Sincerely,  
India Ratings

  
Rakesh Valecha  
Senior Director

  
Prakash Agarwal  
Director

**Mr. Dinesh Prajapati**  
VP - Treasury & Corporate Affairs,  
Mahindra & Mahindra Financial Services Limited,  
4<sup>th</sup> Floor, Mahindra Towers,  
Dr. G.M. Bhosale Marg, Worli,  
Mumbai -400018

December 17, 2018

Dear Mr. Prajapati,

**Re: Mahindra & Mahindra Financial Services Limited (MMFSL)**

India Ratings (see definition below) communicates the following ratings to MMFSL:-

- INR100bn retail non-convertible debentures (NCD): 'IND AAA'/ Outlook Stable (the rated limit is interchangeable with retail subordinated debt)
- INR5bn Principal protected market linked debenture: IND PP-MLD AAA emr/Stable

Out of the above, the company has already issued INR2.48bn of Principal protected market linked debenture and the limits on retail NCD are unutilized.

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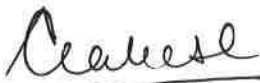
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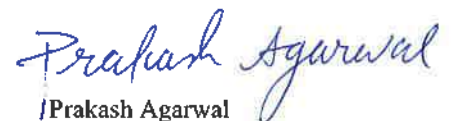
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Sincerely,  
India Ratings



Rakesh Valecha  
Senior Director



Prakash Agarwal  
Director

## India Ratings Assigns Mahindra & Mahindra Financial Services' Additional NCDs 'IND AAA'; Outlook Stable

# 01

OCT 2018

By [Pankaj Naik](#)

India Ratings and Research (Ind-Ra) has assigned Mahindra & Mahindra Financial Services Limited's (MMFSL) debt facilities as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Retail non-convertible debentures (NCDs)*^	-	-	-	INR100,000	IND AAA/Stable	Assigned
Principal protected market linked debenture**	-	-	-	INR5,000	IND PP-MLD AAA emr/Stable	Assigned

\*Details are given in Annexure below

^the rated limit is interchangeable with retail subordinated debt

\*\*The suffix emr denotes the exclusion of the embedded market risk from the rating. The rating of the market linked debentures is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on the instrument will be based on the performance of a reference index or equity share (detailed in the information memorandum of the issue).

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### KEY RATING DRIVERS

**Core to Parent's Business:** The ratings continue to reflect the credit strength of MMFSL's parent Mahindra & Mahindra Limited (M&M; IND AAA/Stable; holds 51.2% stake) and factors in Ind-Ra's expectation of strong, timely financial support to MMFSL from M&M, if required. Ind-Ra considers MMFSL to be a core to M&M's operations, as it supports a substantial proportion of the parent's business. M&M has articulated that MMFSL's business remains aligned with that of the parent, and that it remains committed to providing support, if required.

MMFSL is the largest financier of M&M vehicles financing about 30% of M&M sales. The share remained largely stable in FY18, although the proportion of non-M&M assets in MMFSL's assets under management gradually increased to 55% (FY14: 51%), as MMFSL expanded faster than M&M. The company has been growing rapidly by increasing tie-ups with original equipment manufacturers in the car segment, financing of non-M&M tractors and growing in the small and medium enterprises (SME) and heavy commercial vehicle segments. MMFSL has a high rural penetration rate and provides finance largely to customers with a weak credit profile that may not otherwise be targeted by other financiers. In Ind-Ra's opinion, it is crucial to M&M's sales of rural and semi-urban products (tractors, pick-up vans and others).

MMFSL is also an important entity for launching M&M's new products in rural geographies and securing a foothold in the target market. MMFSL shares its parent's brand name and has strong operational linkages with it. M&M's group CFO is on the board of MMFSL. The business plans of MMFSL are formulated after considering M&M's strategies and are in alignment with the latter's plans. Ind-Ra has factored in the possible support to MMFSL while arriving at M&M's ratings. M&M maintains sufficient liquidity to cover the debt obligations of both M&M and MMFSL payable over one quarter.

**Rise in Short-Term Borrowings, Although Ability to Mobilise Funds Remains:** There has been a rise in MMFSL's short term borrowings by way of commercial paper in 1QFY19 (16% of total borrowings, FY18: 11%, FY17: 11%) which led to negative gaps in the liquidity profile (maximum negative gap: 3% of assets in two-to-three 3 months bucket). In the current tight liquidity environment, this exposes the company to refinancing risk. However, MMFSL maintains reasonable unutilised bank lines from multiple banks to support the liquidity requirement. The company can also access funds from group companies and has INR14 billion of liquidity line from group companies.

**Margin Pressure in Light of Rising Funding Cost:** About 60% of MMFSL's borrowings are from capital markets; hence, funding cost would increase, given the secular rise in market interest rates. In addition, bank funding has become costlier by 20-25 bp due to liquidity tightness. Thus, MMFSL's margin is likely to be under pressure for FY19.

Further, a change in the company's portfolio mix with increasing proportion of SME loans, financing of utility vehicles in the personal segment and deterioration in the asset quality has compressed yields (FY18: 14.1%, FY15: 16.0%). The yields could remain under pressure with a further growth in lower yielding SME and heavy commercial vehicle segments. However, growth in the tractor and used assets segments, which are originated at higher yields, will provide some cushion to net interest margins, provided delinquencies are kept under control.

**Credit Cost Softened, Although Yet to Stabilise:** MMFSL adopted Indian Accounting Standards method of accounting from 1QFY19, leading to some softening of credit cost (1QFY19: 2.2%, FY18: 2.6%, FY17: 3.3%, FY16: 3%). However, it remains to be seen if the shift in the credit cost is a permanent structural change and maintained through the cycle. The credit cost was impacted in the previous years due to high loan growth during FY13-FY14 in the face of rising rural stress coupled with poor monsoon in 2014-2015, and delinquencies arising from the government's demonetisation drive.

MMFSL increased its focus on collection post the creation of a dedicated collection vertical in June 2016. This has helped in arresting incremental delinquencies, however, an uneven spatial distribution of rainfall and a pan-India monsoon deficit can impact rural cash flows, thereby pressurising asset quality. Few southern states (20% of the loan book) are yet to exhibit complete recovery and may exert some pressure on the credit cost. MMFSL plans to focus on used assets, heavy commercial vehicles and SME segments; however, its ability to control credit cost in these segments remains to be seen.

**Weak Capital Buffers:** MMFSL's capitalisation (Tier I 1QFY19: 16.6%, FY18: 17.0%) improved post equity infusion of INR21 billion in 3QFY18. However, the capital buffers available to absorb asset quality stress remain weak with net stage 3 assets (post deduction of excess provisions on stage 1 & 2 assets) at 26% of net worth. However, the capital infusion of INR11 billion by M&M in 3QFY18 indicates the parent's support stance for MMFSL.

## RATING SENSITIVITIES

A negative rating action could result from any substantial decline in the proportion of M&M's revenue from MMFSL due to M&M's rapid expansion in urban and high-end products and/or a surge in participation from other financiers in M&M's sales, making it less dependent on MMFSL. The ratings would also be affected if MMFSL's operational linkages with M&M dilute significantly. Any weakening of M&M's credit profile or its ability to support MMFSL's increasing debt levels will also be negative for the ratings.

## COMPANY PROFILE

MMFSL is a large non-banking finance company and M&M is a leading Indian automobile manufacturer. Besides financing M&M's vehicles, MMFSL is the holding company of the group's other financial service forays, including rural housing finance.

### FINANCIAL SUMMARY (as per IGAAP)

Particulars	FY18	FY17
Total assets (INR million)	515,022	433,193
Total equity (INR million)	85,092	57,456
Net income (INR million)	8,919	4002
Return on average assets (%)	1.88	0.99
Tier 1 capital (%)	16.1	12.8
Source: Company		

## RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating	8 May 2018	26 September 2017	3 March 2017
Issuer rating	Long-term	-	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
NCDs*	Long-term	INR290,000	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Subordinated debt*	Long-term	INR44,500	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable

Commercial paper	Short-term	INR85,000	IND A1+	IND A1+	IND A1+	IND A1+
Principal protected market linked debenture	Long term	INR5,000	IND PP-MLD AAA emr/Stable	--	--	--

\*Details are given in Annexure below

## ANNEXURE

### ANNEXURE - NCDs

ISIN	Date of Issuance	Coupon (%)	Maturity Date	Rated Amount (million)	Rating/Outlook
INE774D07KB0	20 August 2014	9.45^	20 August 2019	INR400	IND AAA/Stable
INE774D07KC8	5 September 2014	9.46^	5 September 2019	INR350	IND AAA/Stable
INE774D07KN5	10 November 2014	9.05	8 November 2019	INR2,500	IND AAA/Stable
INE774D07KO3	12 November 2014	8.85^	12 November 2019	INR1,150	IND AAA/Stable
INE774D07KS4	4 December 2014	8.65^	4 December 2019	INR1,000	IND AAA/Stable
INE774D07KT2	15 December 2014	8.95	13 December 2024	INR1,750	IND AAA/Stable
INE774D07KU0	17 December 2014	8.85^	17 December 2018	INR500	IND AAA/Stable
INE774D07KV8	20 January 2015	8.92^	16 January 2020	INR1,750	IND AAA/Stable
INE774D07KW6	23 January 2015	8.79	23 January 2025	INR2,500	IND AAA/Stable
INE774D07LB8	10 March 2015	8.7	10 March 2025	INR550	IND AAA/Stable
INE774D07LE2	24 March 2015	8.72	24 March 2025	INR500	IND AAA/Stable
INE774D07LO1	22 April 2015	9	22 April 2025	INR5,000	IND AAA/Stable
INE774D07MK7	24 June 2015	9	24 June 2025	INR5,000	IND AAA/Stable
INE774D07ML5	29 June 2015	8.95	29 June 2022	INR970	IND AAA/Stable
INE774D07MM3	29 June 2015	8.95	27 June 2025	INR150	IND AAA/Stable
INE774D07ND0	30 July 2015	8.78	13 March 2019	INR1,000	IND AAA/Stable
INE774D07NH1	6 August 2015	8.8	6 August 2020	INR1,250	IND AAA/Stable
INE774D07NN9	9 October 2015	8.75	9 October 2025	INR2,500	IND AAA/Stable
INE774D07NO7	13 October 2015	8.61	11 October 2019	INR1,000	IND AAA/Stable
INE774D07NP4	14 October 2015	8.59	1 October 2018	INR250	IND AAA/Stable
INE774D07NT6	30 October 2015	8.48	30 October 2020	INR2,500	IND AAA/Stable
INE774D07NW0	7 December 2015	8.58^	12 March 2019	INR500	IND AAA/Stable
INE774D07NX8	15 December 2015	8.60*	29 March 2019	INR400	IND AAA/Stable
INE774D07NY6	11 February 2016	8.79	26 March 2019	INR180	IND AAA/Stable
INE774D07NZ3	11 February 2016	8.78	22 May 2019	INR125	IND AAA/Stable
INE774D07OA4	15 February 2016	8.8	15 May 2019	INR1,000	IND AAA/Stable
INE774D07OB2	16 February 2016	8.79	09 April 2019	INR140	IND AAA/Stable
INE774D07OC0	04 March 2016	8.84	12 April 2019	INR140	IND AAA/Stable
INE774D07OD8	4 March 2016	8.83	27 May 2019	INR130	IND AAA/Stable
INE774D07OE6	8 March 2016	8.85	8 March 2019	INR250	IND AAA/Stable
INE774D07OF3	14 March 2016	8.84	15 April 2019	INR150	IND AAA/Stable
INE774D07OG1	14 March 2016	8.83	4 June 2019	INR100	IND AAA/Stable
INE774D07OH9	15 March 2016	8.84	15 April 2019	INR100	IND AAA/Stable
INE774D07OI7	21 March 2016	8.84	15 April 2019	INR220	IND AAA/Stable
INE774D07OJ5	21 March 2016	8.82	15 July 2019	INR40	IND AAA/Stable
INE774D07OK3	22 March 2016	8.84	22 April 2019	INR110	IND AAA/Stable
INE774D07OL1	22 March 2016	8.83	13 June 2019	INR80	IND AAA/Stable
INE774D07OM9	29 March 2016	8.82	29 March 2021	INR2,710	IND AAA/Stable
INE774D07ON7	30 March 2016	8.75	30 April 2019	INR1,750	IND AAA/Stable
INE774D07OO5	31 March 2016	8.83	5 June 2019	INR1,500	IND AAA/Stable

ISIN	Date of Issuance	Coupon (%)	Maturity Date	Rated Amount (million)	Rating/Outlook
INE774D07OP2	4 April 2016	8.68	4 September 2019	INR1,000	IND AAA/Stable
INE774D07OQ0	5 April 2016	8.7	26 March 2019	INR600	IND AAA/Stable
INE774D07OR8	5 April 2016	8.7	5 April 2019	INR540	IND AAA/Stable
INE774D07OS6	6 April 2016	8.7	26 March 2019	INR650	IND AAA/Stable
INE774D07OT4	6 April 2016	8.7	15 April 2019	INR350	IND AAA/Stable
INE774D07OU2	12 April 2016	8.52	12 April 2019	INR200	IND AAA/Stable
INE774D07OV0	14 June 2016	8.6	11 June 2019	INR60	IND AAA/Stable
INE774D07PC7	28 July 2016	8.48	26 June 2020	INR700	IND AAA/Stable
INE774D07PD5	29 July 2016	8.30^	27 December 2018	INR1,000	IND AAA/Stable
INE774D07PG8	3 August 2016	8.3	31 July 2019	INR95	IND AAA/Stable
INE774D07PH6	12 August 2016	8.25	12 August 2019	INR1,500	IND AAA/Stable
INE774D07PK0	23 August 2016	8.25	23 August 2019	INR1,250	IND AAA/Stable
INE774D07PL8	24 August 2016	8.25	23 August 2019	INR1,000	IND AAA/Stable
INE774D07PO2	2 September 2016	8.05	2 September 2019	INR250	IND AAA/Stable
INE774D07PP9	8 September 2016	7.98	7 February 2020	INR500	IND AAA/Stable
INE774D07PQ7	12 September 2016	7.95	10 September 2019	INR500	IND AAA/Stable
INE774D07PS3	20 September 2016	7.98	13 March 2020	INR1,250	IND AAA/Stable
INE774D07PT1	23 September 2016	7.95	23 September 2019	INR500	IND AAA/Stable
INE774D07PU9	28 September 2016	7.87	28 March 2019	INR1,000	IND AAA/Stable
INE774D07PV7	29 September 2016	7.75	27 September 2019	INR2,500	IND AAA/Stable
INE774D07PW5	4 October 2016	7.81	4 October 2019	INR100	IND AAA/Stable
INE774D07PX3	6 October 2016	7.63	14 February 2019	INR500	IND AAA/Stable
INE774D07PY1	7 October 2016	7.63	21 February 2019	INR1,000	IND AAA/Stable
INE774D07PZ8	10 October 2016	7.77	20 March 2019	INR2,500	IND AAA/Stable
INE774D07QA9	13 October 2016	7.63	13 December 2018	INR2,500	IND AAA/Stable
INE774D07QB7	14 October 2016	7.62	21 December 2018	INR3,000	IND AAA/Stable
INE774D07QC5	21 November 2016	7.53	21 November 2018	INR2,000	IND AAA/Stable
INE774D07QD3	25 November 2016	7.53	25 March 2020	INR750	IND AAA/Stable
INE774D07QE1	28 November 2016	7.43	28 November 2019	INR1,000	IND AAA/Stable
INE774D07QF8	29 November 2016	7.5	29 November 2021	INR200	IND AAA/Stable
INE774D07QG6	30 November 2016	7.5	30 November 2021	INR750	IND AAA/Stable
INE774D07QH4	1 December 2016	7.6	3 June 2019	INR5,000	IND AAA/Stable
INE774D07QI2	6 January 2017	7.63	4 January 2019	INR250	IND AAA/Stable
INE774D07QK8	10 January 2017	7.63	10 January 2019	INR500	IND AAA/Stable
INE774D07QL6	11 January 2017	7.63	11 January 2019	INR350	IND AAA/Stable
INE774D07QO0	23 January 2017	7.65	23 January 2019	INR250	IND AAA/Stable
INE774D07QR3	31 January 2017	7.69	14 August 2020	INR250	IND AAA/Stable
INE774D07QS1	1 February 2017	7.72	31 January 2020	INR250	IND AAA/Stable
INE774D07QT9	3 February 2017	7.84	21 December 2020	INR4,000	IND AAA/Stable
INE774D07QU7	7 February 2017	7.69	9 March 2020	INR250	IND AAA/Stable
INE774D07QV5	10 February 2017	7.69	27 March 2020	INR800	IND AAA/Stable
INE774D07QW3	17 February 2017	7.78	15 February 2019	INR250	IND AAA/Stable
INE774D07QX1	20 February 2017	7.78	20 February 2019	INR250	IND AAA/Stable
INE774D07QY9	22 February 2017	7.83	19 August 2020	INR148	IND AAA/Stable
INE774D07QZ6	23 February 2017	7.85	21 August 2020	INR150	IND AAA/Stable
INE774D07RA7	27 February 2017	7.63	14 March 2019	INR500	IND AAA/Stable
INE774D07RB5	21 March 2017	7.9	08 July 2020	INR370	IND AAA/Stable



ISIN	Date of Issuance	Coupon (%)	Maturity Date	Rated Amount (million)	Rating/Outlook
INE774D07RC3	23 March 2017	7.8	22 March 2019	INR2,500	IND AAA/Stable
INE774D07RD1	27 March 2017	7.85	25 March 2022	INR250	IND AAA/Stable
INE774D07RE9	6 April 2017	7.9	5 June 2020	INR3,000	IND AAA/Stable
INE774D07RF6	7 April 2017	7.63	22 May 2019	INR1,500	IND AAA/Stable
INE774D07RG4	5 June 2017	7.77	3 July 2020	INR700	IND AAA/Stable
INE774D07RH2	7 June 2017	7.65	7 June 2019	INR1,250	IND AAA/Stable
INE774D07RI0	12 June 2017	7.75	12 June 2020	INR2,500	IND AAA/Stable
INE774D07RJ8	14 June 2017	7.53	14 June 2019	INR2,000	IND AAA/Stable
INE774D07RK6	22 June 2017	7.65	22 June 2020	INR5,000	IND AAA/Stable
INE774D07RL4	23 June 2017	7.65	21 June 2019	INR1,250	IND AAA/Stable
INE774D07RM2	31 July 2017	7.5	31 July 2020	INR1,000	IND AAA/Stable
INE774D07RN0	1 August 2017	7.4	1 August 2019	INR2,000	IND AAA/Stable
INE774D07RO8	14 August 2017	7.39	22 December 2020	INR1,750	IND AAA/Stable
INE774D07RP5	28 August 2017	7.33*	26 September 2019	INR1,500	IND AAA/Stable
INE774D07RQ3	5 September 2017	7.35	4 September 2020	INR3,500	IND AAA/Stable
INE774D07RR1	6 September 2017	7.32	6 September 2019	INR4,000	IND AAA/Stable
INE774D07RS9	28 September 2017	7.29	25 September 2019	INR4,750	IND AAA/Stable
INE774D07RT7	18 October 2017	7.54	16 October 2020	INR 2,500	IND AAA/Stable
INE774D07RU5	30 October 2017	7.54*	30 December 2020	INR2,000	IND AAA/Stable
INE774D07RV3	1 November 2017	7.53	29 January 2021	INR1,500	IND AAA/Stable
INE774D07RW1	29 November 2017	7.34*	29 May 2019	INR278	IND AAA/Stable
INE774D07RX9	21 March 2018	8.15^	27 May 2021	INR2,430	IND AAA/Stable
INE774D07RY7	23 March 2018	8.15^	7 April 2021	INR570	IND AAA/Stable
INE774D08MN9	19 April 2018	8.53#	19 April 2033	INR10,000	IND AAA/Stable
INE774D07RZ4	19 April 2018	7.90	23 April 2019	INR2,000	IND AAA/Stable
INE774D07SA5	19 April 2018	8.10	17 April 2020	INR2,000	IND AAA/Stable
INE774D07SB3	19 April 2018	8.10	19 April 2021	INR2,000	IND AAA/Stable
INE774D07SC1	19 April 2018	8.25	19 April 2022	INR2,000	IND AAA/Stable
INE774D07SD9	8 June 2018	8.60^	28 April 2022	INR400	IND AAA/Stable
INE774D07SF4	12 July 2018	1 YR SBI MCLR+ 50 Bps	13 July 2020	INR4,000	IND AAA/Stable
INE774D07SG2	20 July 2018	8.75	20 July 2020	INR2,850	IND AAA/Stable
INE774D07SH0	20 July 2018	8.85^	23 July 2021	INR5,000	IND AAA/Stable
<b>Total</b>	<b>Utilised</b>			<b>INR163,486</b>	
	<b>Unutilised NCDs</b>			<b>INR126,514</b>	
	<b>Total</b>			<b>INR290,000</b>	

^issued at face value and redemption at premium, rate mentioned is the yield

\*zero coupon bond, rate mentioned is the yield

# partly paid up NCDs – amount is full face value

#### ANNEXURE - Subordinated debt

ISIN	Date of Issuance	Coupon (%)	Maturity Date	Rated Amount (INR million)	Rating/Outlook
INE774D08JC8	17 October 2008	11.75	17 October 2018	INR98	IND AAA/Stable
INE774D08JR6	10 November 2009	9.85	11 November 2019	INR250	IND AAA/Stable

ISIN	Date of Issuance	Coupon (%)	Maturity Date	Rated Amount (INR million)	Rating/Outlook
INE774D08JS4	20 November 2009	9.85	20 November 2019	INR750	IND AAA/Stable
INE774D08KW4	7 December 2011	10.05	7 December 2021	INR5	IND AAA/Stable
INE774D08KX2	12 December 2011	10.50	13 December 2021	INR1,000	IND AAA/Stable
INE774D08KY0	19 June 2012	10.15	20 June 2022	INR200	IND AAA/Stable
INE774D08KZ7	26 June 2012	10.15	27 June 2022	INR50	IND AAA/Stable
INE774D08LA8	19 October 2012	10.02	19 October 2022	INR50	IND AAA/Stable
INE774D08LB6	19 October 2012	10.02	21 October 2019	INR450	IND AAA/Stable
INE774D08LC4	17 January 2013	9.80	17 January 2023	INR400	IND AAA/Stable
INE774D08LE0	23 April 2013	9.70	23 April 2020	INR200	IND AAA/Stable
INE774D08LD2	23 April 2013	9.70	24 April 2023	INR800	IND AAA/Stable
INE774D08LG5	24 May 2013	9.50	25 May 2020	INR522	IND AAA/Stable
INE774D08LF7	24 May 2013	9.50	24 May 2023	INR478	IND AAA/Stable
INE774D08LH3	28 August 2014	9.60	28 August 2024	INR100	IND AAA/Stable
INE774D08LI1	3 September 2014	9.60	3 September 2024	INR50	IND AAA/Stable
INE774D08LJ9	17 November 2014	9.50	15 November 2024	INR1,000	IND AAA/Stable
INE774D08LK7	2 February 2015	9.18	31 January 2025	INR1,000	IND AAA/Stable
INE774D08LL5	25 June 2015	9.10	25 June 2025	INR250	IND AAA/Stable
INE774D08LM3	14 August 2015	9.00	14 August 2025	INR250	IND AAA/Stable
INE774D08LN1	21 August 2015	9.00	21 August 2025	INR250	IND AAA/Stable
INE774D08LO9	27 October 2015	8.90	27 October 2025	INR1,000	IND AAA/Stable
<b>Utilised</b>				<b>INR9,153</b>	

#### Retail Subordinated Debt Issuances

ISIN	Date of Issuance	Coupon (%)	Maturity Date	Rated Amount (INR million)	Rating/Outlook
INE774D08LP6	6 June 2016	8.34	6 December 2021	INR19.45	IND AAA/Stable
INE774D08LQ4	6 June 2016	8.44	6 December 2021	INR70.87	IND AAA/Stable
INE774D08LR2	6 June 2016	8.44	6 June 2023	INR52.40	IND AAA/Stable
INE774D08LS0	6 June 2016	8.53	6 June 2023	INR12.96	IND AAA/Stable
INE774D08LT8	6 June 2016	8.53	6 June 2026	INR9.00	IND AAA/Stable
INE774D08LU6	6 June 2016	8.72	6 June 2026	INR247.35	IND AAA/Stable
INE774D08LV4	6 June 2016	8.60	6 December 2021	INR285.54	IND AAA/Stable
INE774D08LW2	6 June 2016	8.70	6 December 2021	INR133.89	IND AAA/Stable
INE774D08LX0	6 June 2016	8.70	6 June 2023	INR8.00	IND AAA/Stable
INE774D08LY8	6 June 2016	8.80	6 June 2023	INR36.37	IND AAA/Stable
INE774D08LZ5	6 June 2016	8.80	6 June 2026	INR278.30	IND AAA/Stable
INE774D08MA6	6 June 2016	9.00	6 June 2026	INR8,523.3	IND AAA/Stable
INE774D08MC2	6 June 2016	8.70 <sup>#</sup>	6 December 2021	INR36.84	IND AAA/Stable
INE774D08ME8	6 June 2016	8.80 <sup>#</sup>	6 June 2023	INR13.64	IND AAA/Stable
INE774D08MF5	6 June 2016	8.80 <sup>#</sup>	6 June 2026	INR2.5	IND AAA/Stable
INE774D08MG3	6 June 2016	9.00 <sup>#</sup>	6 June 2026	INR269.59	IND AAA/Stable
INE774D08MH1	24 July 2017	7.75	24 July 2024	INR500.00	IND AAA/Stable
INE774D08MI9	24 July 2017	7.85	24 July 2024	INR93.22	IND AAA/Stable
INE774D08MJ7	24 July 2017	7.90	24 July 2027	INR2.20	IND AAA/Stable
INE774D08MK5	24 July 2017	8.00	24 July 2027	INR4,470.25	IND AAA/Stable
INE774D08ML3	24 July 2017	7.95	24 July 2032	INR11.20	IND AAA/Stable
INE774D08MM1	24 July 2017	8.05	24 July 2032	INR6,428.44	IND AAA/Stable
<b>Utilised</b>				<b>INR21,505</b>	

ISIN	Date of Issuance	Coupon (%)	Maturity Date	Rated Amount (INR million)	Rating/Outlook
	Unutilised			INR13,842	
	Total			INR35,347	

## COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

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## Applicable Criteria

[Financial Institutions Rating Criteria](#)

[Non-Bank Finance Companies Criteria](#)

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**ANNEXURE C**  
**CONSENT LETTER FROM DEBENTURE TRUSTEE**



ATSL/CO/18-19/0125  
October 31, 2018

To  
**Mahindra & Mahindra Financial Services Limited**  
"Mahindra Towers" Fourth Floor,  
Dr.G M Bhosale Marg,  
Worli, Mumbai - 400018

**Kind Attention: Mr. Swapnil Dahasahasra**

Dear Sir/ Madam,

**Sub: Proposed public issue ("Issue") aggregating upto Rs. 10,000 Crores including Secured /Unsecured / Subordinated non-convertible debentures ("NCDs") by Mahindra & Mahindra Financial Services Limited ("Company")**

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue pursuant to Regulation 4(4) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended and to our name being inserted as the Debenture Trustee to the Issue in the Draft Shelf Prospectus to be filed with the BSE Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Shelf Prospectus / Tranche Prospectus(es) to be filed with the Registrar of Companies, Maharashtra, Mumbai ("**RoC**"). Stock Exchange and to be forwarded to SEBI in respect of the Issue and in all related advertisements and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue. The following details with respect to us may be disclosed:

Name	Axis Trustee Services Limited
Address	The Ruby, 2 <sup>nd</sup> Floor, SW 29 Senapati Bapat Marg, Dadar West, Mumbai - 400028
Telephone Number	022-62300451
Fax Number	022 - 62300700
E-mail ID	debenturetrustee@axistrustee.com
Website	<a href="http://www.axistrustee.com">www.axistrustee.com</a>
Contact person	Ms. Krishna Kumari
Investor Grievance e-mail	debenturetrustee@axistrustee.com
SEBI Registration No.	IND000000494

We confirm that we are registered with the SEBI and that such registration is valid as on date of this letter. We enclose a copy of our registration certificate and declaration regarding our registration with SEBI in the required format as enclosed in **Annexure A**. We also certify that we have not been prohibited from SEBI to act as an intermediary in capital market issues. We also authorize you to deliver a copy of this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory authority as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the company in the form of a press release, (i) the nature and scope of this transaction; and (ii) Our knowledge of the proposed transaction of the Company.

**AXIS TRUSTEE SERVICES LTD.**

*(A wholly owned subsidiary of Axis Bank)*

Corporate Identity Number (CIN): U74999MH2008PLC182264

**REGISTERED OFFICE:** Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025.

**CORPORATE OFFICE:** Axis Trustee Services Limited | The Ruby | 2nd Floor | SW | 29 Senapati Bapat Marg | Dadar West | Mumbai- 400 028

Tel. No.: 022 6230 0451 • Website: [www.axistrustee.com](http://www.axistrustee.com)

Axis Trustee Services Limited (ATSL) consenting to act as Debenture Trustees is purely its business decision and not an indication on the Issuer Company's standing or on the Debenture Issue. By consenting to act as Debenture Trustees, ATSL does not make nor deems to have made any representation on the Issuer Company, its Operations, the details and projections about the Issuer Company or the Debentures under Offer made in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document. Applicants / Investors are advised to read carefully the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document and make their own enquiry, carry out due diligence and analysis about the Issuer Company, its performance and profitability and details in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document before taking their investment decision. ATSL shall not be responsible for the investment decision and its consequence.

We also confirm that we are not disqualified to be appointed as Debentures Trustee within the meaning of Rule 18(2)(c) of the Companies (Share Capital and Debentures) Rules, 2014.

Sincerely,

For **Axis Trustee Services Limited**



**Mangalagowri Bhat**  
**Senior Manager**



October 31, 2018

**Mahindra & Mahindra Financial Services Limited**

"Mahindra Towers" Fourth Floor,  
Dr.G M Bhosale Marg,  
Worli, Mumbai - 400018

Dear Sir/ Madam,

**Sub: Proposed public issue ("Issue") aggregating upto Rs. 10,000 Crores including Secured /Unsecured / Subordinated non-convertible debentures ("NCDs") by Mahindra & Mahindra Financial Services Limited ("Company")**

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

S. No.	Particulars	Details
1.	Registration Number	IND000000494
2.	Date of registration/ date of last renewal of registration/ date of application for renewal of registration	31st January, 2014
3.	Date of expiry of registration	Permanent
4.	Details of any communication from SEBI prohibiting from acting as an intermediary	NIL
5.	Details of any pending inquiry/ investigation being conducted by SEBI	Show cause notice dated September 06, 2018 issued by SEBI under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995
6.	Details of any penalty imposed by SEBI	Adjudication Order No. EAD/PM-AA/AO/17/2018-19 dated July 11, 2018 issued by SEBI under Section 15-I of Securities and Exchange Board of India Act, 1992 read with Rule 5 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995

We shall immediately intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the listing and trading of the Non-convertible Debentures on the Stock Exchanges.

Sincerely

For **Axis Trustee Services Limited**

*K. Krishna Kumari*

**Krishna Kumari**  
**Compliance Officer**

**AXIS TRUSTEE SERVICES LTD.**

*(A wholly owned subsidiary of Axis Bank)*

Corporate Identity Number (CIN): U74999MH2008PLC182264

**REGISTERED OFFICE:** Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025.

**CORPORATE OFFICE:** Axis Trustee Services Limited | The Ruby | 2nd Floor | SW | 29 Senapati Bapat Marg | Dadar West | Mumbai- 400 028

Tel. No.: 022 6230 0451 • Website: www.axistrustee.com