

TERMS OF THE CCDS

The CCDs proposed to be issued on a private placement basis pursuant to the Issue, are subject to the terms and conditions contained in the Preliminary Placement Document, this Placement Document, the CAN, the Memorandum of Association and Articles of Association of our Company, the provisions of the Companies Act, SEBI Regulations, FEMA, the guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of listing agreements entered into by our Company with the Stock Exchanges and terms and conditions as stipulated in the allotment advice or security certificate.

Authority for the Issue

The Issue has been authorized by resolutions passed by our Board of Directors dated August 1, 2023 and our Shareholders dated September 7, 2023 by way of a postal ballot pursuant to Chapter VI of the SEBI Regulations and Sections 23, 42, 62(1)(c) and 71 and other applicable provisions of the Companies Act, 2013, as amended.

Basis for the Issue

The CCDs are being offered for subscription to the Eligible QIBs.

Principal terms of the Issue

Form and Status

Each CCD shall have a face value of ₹100,000 and shall constitute an unsecured and unsubordinated (as between other unsecured creditors) obligation of our Company. The Allotment of CCDs in this Issue shall only be in dematerialized form.

Maturity Date

Unless converted earlier in accordance with the terms hereof, the maturity date for compulsory conversion of each CCD shall be September 30, 2026. Our Company agrees to maintain sufficient authorized and unissued equity share capital till the conversion of each CCD, to permit the full conversion of the CCDs.

Terms of Payment

The full face value amounting to ₹ 100,000 per CCD is payable on application.

Title

The person for the time being appearing in the register of beneficial owners of a Depository as a CCD holder shall be treated for all purposes by our Company, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in respect of that CCD) and no person will be liable for so treating the holder. Title to the CCDs shall pass only by transfer and registration of such CCDs.

Conversion

Early Conversion Option

- a. Each CCD holder shall be entitled to convert their CCD into Equity Shares on or after September 30, 2025 (“**Entitlement Date**”) For this purpose, each CCD of face value of ₹100,000 shall be converted into such number of Equity Shares fully paid of face value of ₹ 2 each as per the Conversion Price (*defined below*).
- b. CCD holders can apply for conversion of CCDs within the first 7 calendar days after the Entitlement Date or after the end of every calendar quarter after the Entitlement Date, except the last quarter before maturity, when it will compulsorily convert on the last maturity date i.e., September 30, 2026, provided if September 30, 2026 falls on a trading holiday as published on the websites of the Stock Exchanges for the equity segment (“**Trading Holiday**”), then the trading day immediately preceding such date shall be considered by the Company for the purpose of conversion (“**Maturity Date**”).
- c. If the CCD holder elects to convert CCDs or any part thereof, it shall serve a notice to our Company, specifying the number of CCDs it elects to convert. Please refer to the para “*Illustrative Schedule*” for *Early Conversion* and *Compulsory Conversion* below.

Compulsory Conversion

- a. Each CCD of the face value of ₹ 100,000 outstanding on the Maturity Date will be automatically and compulsorily converted into such number of Equity Shares fully paid up of face value of ₹ 2 each, without any application or any further action on the part of the CCD holder at the Maturity Date.
- b. If any or all of the CCDs have not been converted till Maturity Date, then all of the CCDs held on the Maturity Date shall be compulsorily and automatically converted into Equity Shares as per the Conversion Price (*defined below*).
- c. Our Company shall also issue and allot the Equity Shares to the CCD holders upon conversion on the Maturity Date and take all steps as may be necessary to give effect to the same, including to the actions set out in “*Early Conversion Option*” below.

The fractional amount after conversion of the CCDs tendered for conversion by the CCD holder shall be paid in cash to the CCD holders within seven working days from the date of conversion of CCDs.

For example: A CCD holder tendering say 10 CCDs for conversion at the conversion price of Rs. 1500 (*for illustration purpose only*). In such case the total Equity Shares to be issued upon conversion CCD holder shall receive 666 Equity Shares (i.e Rs. 10 lacs divided by Rs. 1500) by appropriating Rs 999,000 out of the face value of CCDs tendered for conversion and the residual fractional amount of Rs. 1,000 shall be paid to the CCD holder in cash.

Procedure for conversion of CCDs:

The CCD holder must complete, execute and deposit at its own expense, during normal business hours, at the Registered Office a notice of conversion (the “**Conversion Notice**”) in the form obtainable from the Registered Office or on the website of our Company, www.cholamandalam.com. The form of the Conversion Notice (along with the relevant annexures, schedules, forms and instructions) may be obtained from any of the aforesaid locations during the period from the Entitlement Date until the Maturity Date.

All the Conversion Notices received from the CCD holders shall be clubbed together and our Company shall convert the CCDs on the 8th day after the Entitlement Date or on the 8th day after the completion of every calendar quarter, after Entitlement Date, provided if the 8th day after Entitlement Date or completion of every calendar quarter after Entitlement Date falls on Trading Holiday then the immediate next trading day shall be considered by Company for the purpose of conversion. Further, the date on which the CCDs shall be converted shall be referred as “**Conversion Date**”.

Only such CCD holders who holds CCDs as on the Entitlement Date or at the end of last completed calendar quarter after Entitlement Date shall be considered eligible to give a Conversion Notice.

Upon receipt of the notice, our Company shall undertake the following actions:

- upon conversion of the CCD, our Company will, on or with effect from the relevant Conversion Date and within seven Working Days of the Conversion Date or receipt of relevant approval from stock exchanges, cause the Equity Shares to be credited, in dematerialised form and free and clear of all encumbrances;
- deliver to such CCD holders a duly stamped allotment letter evidencing the issue and allotment of the Equity Shares to such holders;
- duly sign and deliver the irrevocable instruction(s) to its depository participant and registrar and transfer agent to enable recording of holders of CCDs as the beneficial owner of the Equity Shares issued pursuant to conversion in the records maintained by our Company’s depository participant and provide a copy of such irrevocable instruction(s) to such holders along with a copy of acknowledgment received from the depository participant in this regard;
- cause the name of the concerned CCD holder or its nominee to be registered accordingly, in the record of the beneficial holders of Equity Shares, maintained by the depository;
- file all the relevant forms/documents required to be filed under the applicable law in respect of the issuance and allotment of Equity Shares issued pursuant to conversion of CCDs, including but not limited to filing of E-Form PAS-3 with the RoC; and
- obtain the approval of the Stock Exchanges, for the listing of the Equity Shares issued pursuant to conversion of CCDs and complete all other steps and formalities required to enable listing and trading of the converted Equity Shares on the Stock Exchanges;

Conversion Price

Subject to Regulation 176 of the SEBI Regulations and applicable law, each CCD shall be converted into such number of Equity Shares based on the conversion price arrived as per the below formula. Conversion price shall be **higher** of the following:

- If Conversion Volume Weighted Average Price (“**Conversion VWAP**”) is higher than ₹ 1,650.00 per Equity Share then the aggregate of face value of the CCDs proposed to be converted shall be converted into Equity Shares at a discount of 16.50% to the Conversion VWAP, if lower than or equal to ₹ 1,650.00 per Equity Share, then the aggregate of face value of the CCDs shall be converted into Equity Shares at a discount of 15.00% to the Conversion VWAP.

For the purpose of the above, Conversion VWAP shall be calculated as seven trading days volume weighted average price of Equity Shares of our Company traded on the NSE, preceding the first date after the end of quarter, prior to Conversion Notice or Maturity Date for compulsory conversion of the balance CCDs held; whichever is earlier;

OR

- The Floor Price of Equity Shares being ₹ 1,200.51, subject to discount of upto 5%, as may be decided by the Board of Directors of a duly authorized committee of the Board.

The Conversion Price shall be decided by the Company in accordance with the aforementioned formula.

Illustrative Schedule for early conversion and compulsory conversion

S. No.	Relevant Quarter / Period for Conversion	Conversion exercise window	Period considered for determining Conversion VWAP
1.	Upto Entitlement Date	October 1, 2025 to October 7, 2025	VWAP of 7 trading days on NSE prior to October 1, 2025
2.	October 1, 2025 to December 31, 2025	January 1, 2026 to January 7, 2026	VWAP of 7 trading days on NSE prior to January 1, 2026
3.	January 1, 2026 to March 31, 2026	April 1, 2026 to April 7, 2026	VWAP of 7 trading days on NSE prior to April 1, 2026
4.	April 1, 2026 to June 30, 2026	July 1, 2026 to July 7, 2026	VWAP of 7 trading days on NSE prior to July 1, 2026
5.	July 1, 2026 to September 30, 2026	Not Applicable; since conversion shall happen on Maturity Date	VWAP of 7 trading days on NSE prior to Maturity Date

Ranking

The Equity Shares issued pursuant to conversion of the CCDs shall rank *pari passu* with the then existing Equity Shares of our Company in all respects from the date of allotment of equity shares pursuant to such conversion, including as to dividend and voting rights and shall be subject to the Memorandum and Articles of our Company.

Interest on CCDs

Each CCD will bear interest at the rate of 7.50% per annum calculated on the face value of the CCD commencing from the date of Allotment and until the Conversion Date. Interest on each CCD shall continue to accrue (on a daily basis) and shall be payable in accordance with the terms hereof until the date on which the CCD is converted into Equity Shares. The Interest shall be paid by our Company to the CCD holders in half yearly instalments.

Instalment	Date of Payment
First half - yearly instalment	On March 31, 2024
Second half - yearly instalment	On September 30, 2024
Third half - yearly instalment	On March 31, 2025
Fourth half - yearly instalment	On September 30, 2025
Fifth half - yearly instalment	On March 31, 2026
Sixth half - yearly instalment	On September 30, 2026

In the event the CCD holder has exercised its right to convert the CCD, then any Interest accrued but unpaid shall be paid within seven working days from the Conversion Date.

An additional interest at the rate of 2.00% per annum over and above the rate of interest of 7.50% per annum shall be applicable in case of delay in payment of interest by our Company for the delayed period.

The Interest shall be payable by our Company into the CCD holders bank account, details of which will be provided by the Depository to our Company. The payment of Interest on the CCDs shall rank *pari passu* with any interest/ coupon payments on any other unsecured debentures.

Listing and trading of the CCDs issued pursuant to the Issue and Equity Shares issued pursuant to conversion of the CCDs

The CCDs proposed to be issued shall be listed and admitted for trading on BSE and NSE for which our Company has made an application to NSDL and CDSL for the issue of CCDs in dematerialised form and allotment of ISIN. All steps for

completion of necessary formalities for listing and commencement of trading in the CCDs will be taken within seven working days of the Issue Closing Date. The CCDs are proposed to be listed in pursuance of the relaxation issued by SEBI from the strict applicability of Rule 19(2)(b) of the SCRR pursuant to the letter dated September 27, 2023 (the “**Relaxation**”). The Relaxation is subject to the following conditions to be complied with by our Company:

1. The issuance of CCDs shall be strictly made in compliance with the requirements of Chapter VI of the SEBI ICDR Regulations.
2. The CCDs shall be traded in the minimum trade lot of one lakh rupees.
3. Details of the exemption are disclosed in the Placement Document of the proposed Issue.
4. Exemption approvals will not remain valid in case of any change in status quo till the date of listing of the CCDs of the Company.
5. This exemption is case specific and should not be treated as precedent.

In addition to the above, prior to the grant of listing permission by the Stock Exchanges, the Relaxation requires our Company to ensure that all the conditions stipulated in the bye laws of the Stock Exchanges are complied with.

Our Company has received in-principle approval from each of BSE and NSE on September 28, 2023.

The Equity Shares which will arise on conversion of the CCDs shall be listed for trading on BSE and NSE under the existing ISIN for fully paid-up Equity Shares.

The listing and trading of the CCDs issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

Rights of CCD Holders of our Company

- The CCDs shall rank *pari passu* inter-se without any preference or priority of one over the other or others of them.
- The CCD holders will not be entitled to any right and privileges of the Equity Shareholders of our Company other than those available to them under applicable laws. The CCDs shall not confer upon the CCD holders the right to receive notice, or to attend and vote at the general meetings of shareholders of our Company.
- The rights, privileges, terms and conditions attached to the CCDs may be varied, modified or abrogated with the consent, in writing or in a meeting, of holders of the CCDs who hold at least three-fourths of the outstanding amount of the CCDs (of the current issue); provided that nothing in such consent or resolution shall be operative against our Company where such consent or resolution modifies or varies the terms and conditions governing the CCDs and the same are not acceptable to our Company.
- A meeting of the CCD holders can be convened by the Company at any time by giving not less than 21 days’ notice in writing. However, a meeting may be called by giving shorter notice if the consent of the holders of CCDs representing not less than 95% of the CCDs remaining outstanding is accorded.
- The accidental omission to give notice to, or the non-receipt of notice by, any CCD holder or other person to whom it should be given shall not invalidate the proceedings at the meeting.
- The quorum for a meeting of the CCD holders shall be the CCD holders holding 10% of the value of the CCDs as on the date of the meeting of the CCD holders. If the Chairman of the Board is not present at the meeting or if he is unwilling to act as Chairman of the Meeting, the CCD Holders shall elect a chairman for the meeting. At every such meeting each holder of CCDs shall, on a show of hands, be entitled to one vote only, but on a poll he shall be entitled to one vote in respect of every CCDs of which he is a holder in respect of which he is entitled to vote.

Reservations in case of any rights offering by our Company

In the event, our Company makes any rights issue of securities, our Company shall make a reservation of Equity Shares in favour of the CCD holders in proportion to the CCDs. The Equity Shares so reserved for the CCD holders shall be issued at the time of Conversion of the CCDs on the same terms at which the Equity Shares in the rights issue shall be issued by our Company, subject to Applicable Laws.

For Example: Assuming a rights issue in the ratio of 1 Equity Share for every 1 Equity Share held in the Company on the record date. Subject to applicable law, upon conversion of the CCDs into Equity Shares, the CCD holder will be entitled to subscribe to 1 Equity Share for every 1 Equity Share held pursuant to conversion at the price at which the rights shares were subscribed to by other shareholders of the Company.

Adjustments in case of other corporate actions by our Company

In the event, our Company splits, sub-divides (stock split) or consolidates (reverse stock split) its securities, undertakes a

bonus issuance, the number of Equity Shares issuable upon a conversion of the CCDs shall, subject to the SEBI regulations and applicable law, be proportionately adjusted.

Consolidation, Amalgamation or Merger of our Company

In the case of any consolidation, amalgamation or merger of our Company with any other corporation or company (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation or company), the CCD holders shall have the right to be issued the class of securities upon such consolidation, amalgamation or merger, subject to Applicable Laws.

Further Issues/Borrowings

Our Company shall be entitled, from time to time, to make further issue, of debentures and/or raise term loans or raise further funds by such other debt instruments or other securities (whether or not the same constitutes securities for the purposes of the Securities Contract (Regulations) Act, 1956), to the public, or any section of the public in India or any part of the world, members of our Company, by way of a public issue, private placement, qualified institutions placement or bilateral arrangements and/ or avail of further financial and or guarantee facilities from financial institutions, banks and/or any other person(s) on the security or otherwise of its property or against any security provided, by any third party security provider without the consent of the CCD holders.

Modification to the Terms of the CCDs

Any modification to the terms of issue pertaining to the CCDs would be carried out only with (i) the consent, in writing, or (ii) pursuant to a resolution passed at the meeting, of the CCD holders who hold at least three fourths of the outstanding amount of the CCDs (of the current issue).

General Terms of the Issue

Market Lot

The CCDs of our Company are tradable only in dematerialized form. The market lot for CCDs is 1 (one) CCD.

Register

Our Company shall maintain at its Registered Office (or such other place as permitted by law) a register of CCD holders (the “**Register of CCD holders**”) containing such particulars as required by Section 88 of the Companies Act, 2013 read with Rule 4 of the Companies (Management and Administration) Rules, 2014. In terms of Section 88 of the Companies Act, 2013, read with Rule 4 of the Companies (Management and Administration) Rules, 2014, the Register of CCD holders maintained by a Depository for any CCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a corresponding Register of CCD holders solely for the purposes of this CCD condition

Transferability

The CCDs and the Equity Shares issued pursuant to conversion of the CCDs are not transferable except in accordance with the restrictions described under “*Transfer Restrictions*” beginning on page 248. The CCDs shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the Equity Shares, provided that the CCDs allotted pursuant to the Issue shall not be sold by the Allottee for a period of one year from the date of Allotment, except on a recognized stock exchange. The provisions relating to transfer and transmission and other related matters in respect of Equity Shares contained in the Articles of Association and the Companies Act shall apply, mutatis mutandis, to the CCDs as well.

Subject to lock-in requirements as prescribed under the SEBI Regulations, the CCDs and the Equity Shares issued post conversion of the CCDs shall be freely transferable.

The transfers of CCDs may be effected only through the Depositories through which such CCDs to be transferred are held, in accordance with the provisions of the Depositories Act, 1996 and rules as notified by the Depositories from time to time.

No transfer of title of a CCD will be valid unless and until entered in the Register of CCD holders.

Notices

The notices to the CCD holders required to be given by our Company shall be deemed to have been given if sent by ordinary post or by electronic mode to the sole/first allottee or sole/first registered CCD holders, as the case may be. All notices to be given by CCD holders shall be sent by registered post or by hand delivery to our Company at its Registered Office.

Encumbrances

The CCDs shall be free and clear from any pre-emptive right, claim, equity, lien, pledge, mortgage, security interest, charge, trust, encumbrance or any other right or interest of any third party during its tenure.

Governing law and jurisdiction

The CCDs are governed by, and shall be construed in accordance with, the laws of India and any dispute arising out of or in connection with the CCD and with respect to the conversion of such CCDs into Equity Shares shall be subject to the exclusive jurisdiction of courts at Chennai, Tamil Nadu, India.