

TERMS AND CONDITIONS

GOLD LOAN

1. For any reasons if the pledged ornaments are not redeemed before the last date as agreed then the pledged ornaments will be auctioned as per the Company's Auction Policy and the auction proceeds will be adjusted towards the dues to the Company. In case the market rate of the gold drastically goes down and the loan amount against the pledged gold gives loss to the company, company has the right to auction the gold by giving a notice of 15 days to the customer, even before the completion of loan tenure.
2. The principal amount and the interest of the gold loan can be repaid in convenient installments.
 - a. For those who repay the interest portion alone, if the pledge is aged more than one month, then the customer has to repay at least one month's interest. For the pledge which is aged more than eight months, at least 50% of the interest has to be paid.
 - b. If the total interest due was not remitted at the time of payment of interest, but only a part amount of interest is remitted, then the interest payable on the next occasion will be calculated on the principal amount from the pledge date till the payment of interest. Total interest amount due will be arrived after deducting the part interest already paid.
 - c. In case there is no difference in the rate of interest of the scheme in which the pledge is outstanding, the principal and interest can be repaid in installments further in the same scheme.
 - d. On the date of remitting the interest, if the total dues including the interest are remitted, benefit of the lowest interest rate applicable to the particular scheme will be passed on to the customer.
 - e. But if there is a reduction in the rate per gram as on date of the remission of interest then the shortage in the eligibility of loan amount calculated with the present rate, has to be remitted by the customer for renewal of pledge.
3. While closing the gold loan account and releasing the pledged ornaments, minimum seven days' interest has to be paid if the loan is closed within seven days from the date of the pledge.
4. The company has the right to recall the loan at any time before the due date of the pledge for closure.
5. If the loan availed is for a fixed tenure, the customer can repay the loan with interest in equal Monthly Installments up to the date of the end of the tenure as already decided.
6. The company reserves the right to change the terms and conditions of Gold loan as per the policy change of Reserve Bank, Govt. authorities of Company itself at any time. The changes whenever made will be published in the branch notice board as information to the customers.
7. When the Gold loan is closed by the customer, if any other dues are outstanding with the company in the name of the customer, then the company has the right to exercise the general lien within the rules of legitimate right and lien available to the company.
8. The letters, notices etc. which are sent periodically to the customer in the given address by post or directly in person will be treated as the same is received by them.
9. If there is any change of address of the customer, the same has to be informed to the Company then and there.
10. If the company rules pertaining to the Gold loan are not adhered to or if the ornaments are not redeemed before the due date of the pledge, then the ornaments will be auctioned as per the company rules. The amount received in auction will be adjusted towards the loan dues in the name

of the customer and if any shortage is still outstanding in the loan account, the company has the right to recover the dues from the customer. If there is excess amount received in auction than the dues outstanding in the loan account, the said excess amount will be refunded to the customer, subject to the rule No.7 stated above.

11. If the declaration given by the customer at the time of availing the loan is found to be false at a later date, or if the rules of the Company pertaining to the Gold loan is not adhered to by the customer, the Company has the right to proceed legally against the customer.
12. On an inspection on a later date by the Company officials if it is found that any ornaments are neither genuine nor good in quality or are spurious in nature, the company authorities have the right to proceed against the customer legally.
13. The customers have to share the OTP received on their registered mobile number with the Branch to enable redemption of their pledge. They also give undertaking that they will not submit request for change of registered Mobile Number till the Gold Loan ornaments are released.

NON-CONVERTIBLE DEBENTURES (NCD)

1. TERMS OF DEBENTURE

- a) Face value Rs.1000/- per debenture.
- b) The entire amount in respect of the debentures applied for is payable on application.
- c) Debentures are accepted for 366 days.
- d) Interest Payment
 - i) Interest payable under the monthly scheme, shall be 9.50% p.a.
 - ii) Interest payable for the maturity scheme, shall be 9.70%.

2. APPLICATION AND REMITTANCE

Application for secured Debentures should be made in the prescribed Application form duly completed in all respects, signed and accompanied by Cash/Cheque/Draft etc. along with document for address proof. All Cheques/Drafts should be crossed Account Payee and made payable to "Muthoot Mercantile Limited"

As per provisions of Income Tax Act remittance of application money for Debentures totalling Rs.20,000 and above in one or more separate accounts standing in the name of the same person should be drawn in favour of the Company strictly by Crossed Account Payee Draft, Cheque or Pay Order only and not by cash.

3. INTEREST PAYMENTS

- a) Interest will accrue from the date of receipt of cash/Local cheques and from the date of realisation in the case of outstation cheques.
- b) Interest ceases to accrue from the date of redemption of the debentures.
- c) No Premature closing.
- d) Income Tax at appropriate rates will be deducted at source according to the provisions of law in force at the time of payment, unless prescribed documentary evidence like PAN card, ID Proof and Form 15G/15H are filed. Interest on Maturity Scheme will be pro-rated in each financial year and T.D.S. (wherever applicable) would apply on interest accrued.
- e) Debentures will be issued in demat form only.

- f) Client needs to open demat account with the depository participant CDSL before applying for Muthoot Mercantile Limited Non Convertible Debentures.

4. REDEMPTION

- a) The Company shall redeem the debentures on the due date for redemption as applicable for each debenture. The due dates will fall on 370th day from the date of allotment as shown in the respective Debenture Certificate. The list of allottees with details of redemption dates will be furnished to the Trustees as and when allotments are made. The Company may, at its sole discretion, redeem a debenture by premature repayment before maturity, on a specific request made by a debenture holder. However, the Company may reject any such request without assigning any reason.
- b) No debentures are allowed to redeem before one year.

5. REPAYMENT

While repayment of the principal amount of the Debentures, interest due and the principal amount will be made to the registered holders. Amount will be paid by account payee cheque or on optional request by account payee D.D. or RTGS.

6. SECURITY

The payment of the principal amount of the Debentures, payment of all interest, remuneration of the Trustee all fees, costs, charges, expenses and other monies payable, if any, by the Company in respect thereof are secured by a charge in favour of the Trustees namely Mr. Vinod Kumar. D.S. 'Thara Nivas', Near Mary Giri School, Kudappanakunnu P.O., Trivandrum 695043, Ph: 0471 2478880 and Mr. Saji S., 8/867-A, Sree Sailam, Pathirippally, Mukkola, Nettayam P.O. Trivandrum 695013. Ph. No. 9447584225 on all outstanding gold loan receivables both present and future and all assets to be accrued from the proceeds generated by the private placement of non convertible debentures by the Company. The debentures are secured as intended and provided in the Trust Deed entered into between Muthoot Mercantile Limited and the Trustees and will be governed by the provisions of the Trust Deed apart from the conditions mentioned herein.

7. FURTHER BORROWINGS

The Company shall be entitled to make further issue of debentures and / or raise further term loans or raise further funds from time to time from any persons / banks / financial Institutions / body corporate / any other mortgages and / or charges on such terms and conditions as may be determined on all or any of the assets charged to the Trustees with the prior written permission of the Trustees but without the consent of the debenture holders.

8. JOINT ACCOUNTS

8.1 Former or Survivor

Debentures will be accepted with this stipulation also. All payments of interest and principal will be made to the former only during his/her life time, unless specifically authorised otherwise. Such payment will be made to the survivor only on production of death certificate of the former.

8.2 Either or Survivor

In the case of either or Survivor Accounts, only two persons can apply for Debentures. All cheques for payment of interest will be drawn in favour of the first named unless specifically asked for. The discharge given by either holder for payment of interest or principal shall be valid and binding on the other holder and payments will be made to the Debentures holder, who has discharged the Debentures. In the event of death of one of the holders, all payments on account of principal and interest will be made, upon maturity of the Debentures, to the surviving holder on production of death certificate.

8.3 Anyone or Survivor

Secured Debentures will be accepted in favour of more than two persons and the principal on maturity will be paid on discharge by anyone of the holders who has discharged the Debentures. In the event of death of anyone of the Debenture holders, all payments, on account of principal and interest will be made on maturity of the Debentures to anyone of the surviving holders who has discharged the Debentures on production of death certificate. All cheques for payment of interest will be drawn in favour of the first named holder unless authorised in favour of any other holder.

9. DEBENTURES FROM MINORS

Debentures will be accepted on behalf of minors up to 18 years. But the application form should be signed by the Natural Guardian (only the Father or Mother of the minor should sign the Application Form) if both are not alive only by the person who is appointed by a Court of Law. The date of birth of the minor should also be indicated in the relevant column of the application.

10. GENERAL

10.1 No lien, charge or assignment on the debenture shall be valid unless recognised by the Company.

10.2 The Company reserves the right to reject any application for Debenture without assigning any reason therefore.

10.3 Where the due date of any payment falls on a holiday, the payment will be made on the next working day.

SUBORDINATED DEBT (SD)

1. **ISSUE:** Acceptance of subordinated debt will be guided by the relevant circulars issued by the Reserve Bank of India (RBI) from time to time.
2. **TYPE OF OFFER:** The offer of Subordinate Debt is on a Private solicitation basis and shall not be open for subscription to persons other than the persons to whom it is offered. It shall not be deemed as an offer or advertisement to the public to subscribe the debt issue program.
3. **MINIMUM APPLICATION SIZE**
Each applications shall be for Rs.5, 000/- only and in multiples of Rs, 1,000 thereafter.
4. **LOAN AGAINST SUBORDINATE DEBTS**
The company will not sanction loans against the debt issued in pursuance of the offer letter. It will be redeemed only at its maturity and no premature payment can be made without the prior approval of Reserve Bank of India, the regulatory body of the company.
5. **PUT & CALL OPTION**
No put & call option is available to instrument holders or to the company.
6. **EFFECTIVE DATE**
In respect of each instrument holders of this debt placement program, the effective date shall be the date of receipt of the cheque along with duly completed application form in respect of local cheques and electronic payments. In case of outstation cheques, the effective date shall be date on which the amount is credited to our account. The maturity date shall be calculated from the effective date.
7. **INTEREST PAYMENTS**
Interest will accrue from the date of receipt of cash/ Local cheques and from the date of realization in case of outstanding cheques. Interest ceases to accrue from the date of maturity of the debt. Interest for a month will be paid on or before the 5th of the succeeding month in respect of monthly scheme and along with the principal for cumulative schemes. Interest for the first month will be paid on a prorate basis from the date of receipt of money subject to clause-6 above.

8. **INCOME TAX**

Payment of interest will be subject to the Tax Deduction at Source (TDS) at the rate applicable in force according to the Income Tax Act 1961.

9. **NATURE OF SUBORDINATED DEBT**

Subordinated debt is defined under clause (xvii) of Para 2 of the Non- Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as “an instrument, which is fully paid up, is un secured and 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 non- banking financial company.

10. **NATURE OF INSTRUMENT**

The subordinated debt will be issued as a certificate in the form of promissory note payable after date as defined in the negotiable instrument Act.

11. **NOT A DEPOSIT**

In terms of sub clause (i) of clause (xii) of para 2 of the Non - Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, any amount received as hybrid debt or subordinated debt the minimum maturity period is not less than sixty months, provided there is no option for recall by the issuer within the period, will not be treated as public deposit. Hence, the subordinated debt offered under this offer letter shall not be treated as public deposit.

12. **SECURITY**

Subordinated debts raised by the company will not be secured on the assets of the company and shall remain unsecured and subordinate to all other claims against the company.

13. **REDEMPTION**

The company shall redeem the Debt on the due date of redemptions as shown in the certificate.

14. **REPAYMENT**

Repayment of the principal amount, all interest and other monies will be made to the First named registered holder. Amount will be paid by account payee cheque or will be credited to the Bank account of the debt holder on due date. The certificate will no longer valid once the payment is credited to the bank account of holder or an account payee cheque is issued to his favour, notwithstanding that the certificate is not redeemed to the company.

15. **TRANSFER AND RECORD DATE**

The Subordinated debts are transferable by endorsement and delivery by the transferor to the transferee. The transferee shall forward the duly endorsed certificate along with a copy of his cancelled cheque leaf, copy of PAN and proof of residential address to the company for registration. Date falling seven working days prior to the date on which interest is due payable or the Maturity date is the Record date for the purpose of transfer and payment of interest. In case the Record Date falls on a holiday under negotiable instrument Act, the immediate subsequent working day will be deemed as the record date.

16. **RIGHTS OF THE SUBORDINATE DEBT HOLDERS**

The instrument holders wide this debt placement program will not be entitled to any of the rights and privileges available to equity and / or preference shareholders of the company.

17. **SPLITTING AND CONSOLIDATION**

The request from registered subordinated debt holder for split / consolidation of the subordinated debt certificates held by the said debt holder will be entertained by the company only if the bond certificate is/are received along with a letter of request.

18. **ISSUE OF DUPLICATE DEBT CERTIFICATES**

If any debt certificate is/are mutilated or defaced or field for recording transferees by endorsement and delivery have been fully utilized, the same may be replaced by the company against surrender of such certificates upon payment by the claimant of such costs as may be determined by the company.

Provided the debt certificate is mutilated or defaced, the same will be replaced as aforesaid only if the certificate and distinctive numbers are legible. In the event of a destroyed, stolen or lost certificate, a duplicate thereof will be issued after the company is satisfied about the genuineness of the matter and may demand such evidence and indemnity as is deemed necessary.