

**SML FINANCE LIMITED**  
**TERMS & CONDITIONS OF PRIVATE PLACEMENT OF DEBENTURES**

**PRESENT ISSUE SIZE**

*Issue of secured redeemable Non- Convertible Debentures of INR 1,000/- each subject to a maximum of Rs. 5 Crore (The overall issue size).*

**PRESENT ISSUE STRUCTURE**

*Issue will be opening on 01<sup>st</sup> January, 2020 and will be closing on 01<sup>st</sup> March, 2020, with the power to the management of the Company to close the issue at an early date.*

**TABLE OF SERIES, INTEREST RATE, MATURITY VALUE ETC.**

**SCHEMES FOR DEBENTURE 90<sup>TH</sup> SERIES**

SCHEMES	Monthly interest scheme	Annual interest scheme
Frequency of interest payment	Monthly	Annual
Minimum Application Amount	1,00,000/-	1,00,000/-
Face Value	1,000/-	1,000/-
Tenor from the deemed date of allotment	120 Months	120 Months
Interest Rate	12.00%	12.50%
Maturity amount for one NCD (including last year interest)	1,120/-	1,125/-
Frequency of compounding	N.A	N.A
Coupon payment dates	Interest for the month will be paid on 01 <sup>st</sup> day of the succeeding month	Interest for the year will be paid yearly on the same day of allotment.

1. The issue of this NCDs will be guided by the relevant circulars issued by the Reserve Bank of India (RBI) from time to time.
2. The private placement offer letter of securities thereunder are strictly for private circulation and is meant only for the person to whom it is addressed and shall not be deemed as an offer or invitation or advertisement to the public to subscribe for the NCDs covered therein.
3. **Objects of the Issue:** Object of the issue is to raise funds for meeting working capital requirements of the Company. The proceeds will, however, not be used for investments in equity/capital market, speculative activity, acquisition of land, real estate purpose, acquisitions and on-lending.

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For **SML Finance Ltd**

*Naveena. S. Thampi*  
 Naveena. S. Thampi  
 Company Secretary

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4. **Credit Rating:** The NCDs have not been rated by any Rating Agency.
5. **Issue Size:** Issue size of the offer will be maximum of Rs. 5 Crore
6. **Minimum Application Size:** Each application shall be for a minimum of 100 NCDs of Rs.1000/- aggregating to Rs.1,00,000/- for the scheme.
7. **Loan against NCDs, Premature Closure etc.:** The Company will not sanction loans against NCDs issue in pursuance of this offer letter.
8. **Put and Call Options :**

**Call Option:** The company retains the right to redeem all debentures after 366 days from the date of allotment before the maturity, with 30 days notice, paying interest at the contracted rate till the date of repayment.

**Put Option:** A debenture holder shall have the right to redeem the debenture before maturity at any time after 366 days from the date of allotment. Debenture holders exercising put option with advance notice of 365 days will be paid an interest rate of 12.00% p.a. if interest is taken on monthly basis and 12.50% p.a if interest is taken on yearly basis. Debenture holders exercising put option without advance notice will be paid an interest rate of minimum 9.00%p.a
9. **Interest Payments:** Interest proceeds of NCDs will be paid only through bank accounts. Interest will accrue from the date of receipt of cheques from the date of realization in case of outstation cheques. Interest ceases to accrue from the date of maturity of the NCDs. Application money will carry interest as per the scheme till the deemed date of allotment. In respect of monthly scheme, interest will be paid in a monthly basis. In respect of monthly scheme, interest on application money will be paid for the period from the date of realization of cheque till the date of allotment along with interest for the first month. Interest will be paid on 01<sup>st</sup> day of the succeeding month and at the time maturity, interest for the last month will be paid along with the redemption proceeds. In respect of annual scheme, interest on application money will be paid for the period from the date of realization of cheque till the date of allotment along with interest for the first year. The interest for the last year will be paid along with the maturity proceeds.
10. **Income tax:** 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 Form 15H/ 15G is filed. Interest on cumulative Income Scheme will be pro-rated in each financial year and T.D.S (Wherever applicable) would apply on interest accrued.
11. **Redemption:** The Company shall redeem the NCDs on the due date for redemption as applicable for each NCD. The due date will fall on the date as shown in the Debenture Certificate. The list of allottees with details of redemption date will be furnished to the Trustees as and when allotments are made. The Company may at its sole discretion, redeem an NCD by premature repayment before maturity, on a specific request made by Debenture holder, subject to the call and put option.
12. **Payments:** Payment of principal amount of the NCD, all interests and other monies will be made to the registered holder. In case of joint accounts with former or survivor clause, all payments will be made to former during his life time. Such payments will be made to the survivor only in production of death certificate of former. In case either or survivor account, the payment will be in favour of first named unless specifically, asked for in case of anyone or survivor account, the repayment will be made in favour of one who has discharged the NCD. Where the proceeds of the NCD on redemption, is transferred to the registered bank account of NCD holder or by

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For *SML Finance Ltd*

*Naveena.P.Thampi*  
Naveena.P.Thampi  
Company Secretary



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way of an account payee cheque then the debenture certificate will cease to have validity and become unenforceable.

13. **Security:** The NCDs issued in terms of this offer letter shall be secured by a first ranking *pari-passu* in favour of the Trustee on specified micro finance receivables both present and future, except those specifically and exclusively charged, on a first ranking *pari-passu* charge over the security such that a security cover of 100% of the outstanding amount of the NCDs and interest thereon is maintained until maturity date.
14. **Transfer and record date:** The NCDs are transferable by way of and instrument of transfer by the transferor to the transferee. The transferee shall forward the duly filled up transfer instrument and the certificate along with a copy of his cancelled cheque leaf, copy of the PAN card and proof of residential address to the Company for registration. The certificate, upon registration shall be forwarded to the transferee by the Company. Date falling 07 (Seven) working days prior to the date on which interest is due and 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 Instruments Act, the immediate subsequent working day will be deemed as the record date.
15. **Deemed date of allotment:** The deemed date of allotment of the NCDs will be the date on which the Board of Directors is deemed to have approved the allotment of NCDs. All the benefits under the NCDs including payments of interest will accrue to the NCD holders from the deemed date of allotment. Actual allotment may occur on a date other than the deemed date of allotment.
16. **Rights of the NCD holders:** The NCD holders will not be entitled to any of the rights and privileges available to equity and/ or preference shareholders of the Company.
17. **Further borrowing:** 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 institution/ body corporate/ any other agency. However, until the debenture are fully redeemed, the Company shall not create any mortgage or charge any of its aforesaid specifically charged assets without obtaining prior approval of the Debenture holders.
18. **Debenture Trustee:** As per the Companies Act, 2013, Shri. R. Sreenivasan and Adv. Liji Jimmy T are appointed as the Trustees for the debentures and their consent obtained for the new debenture issue.

For ~~SML Finance Ltd~~ *SML Finance Ltd*  
*SML Finance Ltd*  
Naveena.P.Tham  
Company Secretary

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