

TERM SHEET



MUTHOOT CAPITAL SERVICES LIMITED

A public limited company incorporated under the Companies Act, 1956
Date of Incorporation: February 18, 1994; CIN: L67120KL1994PLC007726
Registered Office: 3rd Floor, Muthoot Towers, M.G. Road Kochi - 682035

This Term Sheet is issued in terms of and pursuant to the Disclosure Document dated September 21, 2020. All the terms, conditions and information as stipulated in the Disclosure Document are incorporated herein by reference as if the same were set out herein. Investors are advised to refer to the same. This Term Sheet must be read in conjunction with the Disclosure Document.

This Term Sheet is dated September 21, 2020

Broad terms of the Issue

Security Name	9.30% Secured Senior Rated Listed Redeemable Non-Convertible Debentures
Issuer	Muthoot Capital Services Limited (MCSL/Issuer/ Company)
Type of Instrument	Secured Senior Rated Listed Redeemable Non-Convertible Debentures (NCDs/ Debentures)
Nature of the Instrument	Secured
Seniority	Senior
Mode of Issue	Private placement
Objects & Details of the utilization of the Proceeds	<ul style="list-style-type: none">• The Issue proceeds will be utilized to meet funding requirements of the Issuer for on-lending purposes• The Issuer undertakes that no part of the proceeds of the Debentures shall be utilized by the Company directly or indirectly towards capital markets (including equity, debt, debt linked and equity linked instruments or any other capital market activities), any speculative purposes, land acquisition or usages that are restricted for bank financing, any activity in the 'Exclusion List' (as such term shall be defined under the Transaction Documents) or investment in the real estate sector.• The proceeds of the NCD shall not be used for any purpose, which may be in contravention of the government /RBI/SEBI/Other regulatory guidelines.
Rating of Instrument	"CRISIL A"/Stable by CRISIL Ltd <i>The Issuer/Investor(s) reserves the right to obtain an additional credit rating from any SEBI registered Credit Rating Agency for full or part of the issue size, as it may deem fit, which shall be at least equivalent to the prevailing credit rating to the issue</i>
Debenture Trustee	IDBI Trusteeship Services Limited
Registrar & Transfer Agent	Integrated Registry Management Services Pvt Ltd
Eligible Investors	As mentioned in the Disclosure Document under captioned "Eligible Investor"
Issue Size	Rs. 50,00,00,000/- (Rupees Fifty Crores only)
Series	N.A.
Face Value	Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture
Issue Price	Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture
Tenor	18 Months from the Deemed Date of Allotment
Coupon Type	Fixed
Coupon Rate	9.30 % p.a.
Coupon Payment Frequency	Annual
Coupon Payment dates	The Coupon shall be payable on annual basis from the Deemed Date of Allotment and



	on Redemption as mentioned below subject to Business Day Convention: September 24, 2021 March 24, 2022
Coupon Reset Process	N. A
Step Up/Step Down Coupon Rate	N.A.
Redemption Date	At the end of 18 months from the Deemed Date of Allotment i.e. March 24, 2022
Redemption Amount	Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture
Redemption	Bullet, At Par
Redemption Premium/ Discount	NA
Discount at which security is issued and the effective yield as a result of such discount.	N.A.
Put Date	N.A.
Put Price	N.A.
Put Option Notice	N.A.
Call Date	N.A.
Call Price	N.A.
Call Option Notice	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Security & Security Cover	<p>The outstanding debentures amount together with interest, default interest, remuneration of the Trustee, charges, fees, expenses and all other monies dues from the Company shall be secured by:</p> <ul style="list-style-type: none"> • (i) a first ranking pari passu and continuing charge to be created pursuant to an unattested deed of hypothecation, dated on or about the Deemed Date of Allotment, executed or to be executed and delivered by the Company in a form acceptable to the Debenture Trustee ("Deed of Hypothecation") over the Receivables of the Company, and (ii) such other security interest as may be agreed between the Company and the Debenture Holders ((i) and (ii) above are collectively referred to as the "Transaction Security"). • (ii) The charge created over the Receivables shall at all times be equal to at least the Minimum Security Cover of 1.05 times and shall be maintained at all times commencing from the Deemed Date of Allotment until the Final Settlement Date. The value of the Receivables for this purpose shall be the amount reflected as the value thereof in the books of accounts of the Company. <p>The Company undertakes to maintain Minimum Security Cover of 1.05 times to be maintained on the outstanding NCD amount of the Debentures along with interest thereon at all times during the tenure of the NCDs.</p> <p>Non-Maintenance of minimum-security cover as mentioned above will attract 2% p.a. penalty over and above the coupon rate as specified in the term sheet, for the period of non-maintenance of cover. However, in no case reinstatement of such security cover shall exceed 60 days from the day such cover falls below the required cover.</p> <p>The Company shall have option for providing additional /replacement of security at any time during the tenure of the Debentures to ensure the Minimum-Security Cover as provided hereinabove in consultation with Debenture Trustee.</p> <p>The Issuer shall execute Debenture Trust Deed and Deed of Hypothecation within three months from the Issue Closure Date. In case of delay in execution of the Debenture Trust Deed the company will refund the subscription with agreed rate or will pay penal interest of 2% p.a. over and above the Coupon Rate for the delayed period till the execution is complete, at the option of the debenture holders.</p>



Material Adverse Effect definition	Means the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could reasonably be expected to cause a material and adverse effect on (a) the financial condition, business or operation of the Company, environmental, social or otherwise or prospects of the Company; (b) the ability of the Company to perform its obligations under the Transaction Documents; or (c) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder); or (d) the rights or remedies of the Debenture Trustee acting for the benefit of the Debenture Holders hereunder or under any other Transaction Document
Day Count Basis	Actual / Actual
Interest on Application Money	At the Initial Coupon rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque (s)/ demand draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment. Where pay-in Date and Deemed date of Allotment are the same, no interest on Application money is to be paid.
Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)	<ul style="list-style-type: none"> Proposed to be listed on the Wholesale Debt Market Segment of BSE Limited within 20 days from the Deemed Date of Allotment. In case of delay in listing of the Debentures beyond 20 days from the Deemed Date of Allotment, the Company will pay penal interest of 2% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of such Debentures to the Debenture Holder.
Representations and Warranties of the Issuer	As mentioned in the caption titled "Representations and Warranties of the Issuer" in the Disclosure document to the Issue. The Representations and Warranties shall be continuous in nature and shall be deemed to occur on every day till redemption of the Debentures.
Minimum Application size and in multiples Debt Security thereafter	The minimum application size for the Issue shall be 10 Debentures and in multiples of 1 Debenture thereafter.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS/ Any other electronic mode
Depositories	NSDL/CDSL
Business Day	Any being a day excluding Saturdays, Sundays or public holiday in Mumbai.
Business Day Convention	<p>If any Coupon Payment Date or the due date for the performance of any event falls on a day that is not a Business Day, then the succeeding Business Day will be considered as the effective date. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid on the immediately preceding Business Day, along with coupon/interest accrued on the Debentures until but excluding the date of such payment.</p>
Record Date	The date which will be used for determining the Debenture Holder(s) who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.
Transaction Documents	<ol style="list-style-type: none"> Debenture Trust Deed, Deed of Hypothecation Disclosure Document and the term sheet; PAS-4 <p>Such other documents as agreed between the Issuer and the Debenture Trustee.</p>
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> Execution of Disclosure Document Credit Rating Letter & Rationale Trustee Consent Letter Resolution of the Company's board of directors authorizing the issuance of debentures; Resolution of the shareholders of the Company under 180(1)(c) of the Act Execution of any other documents as agreed between the Issuer and the Debenture Trustee/ Investor.

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Conditions Subsequent to Disbursement	<p>The Company shall fulfil the following conditions subsequent, to the satisfaction of the Debenture Trustee, pursuant to the Deemed Date of Allotment:</p> <ol style="list-style-type: none"> i. the Issuer shall ensure that the Debentures are credited into the demat account(s) of the Debenture Holders within 2 (two) Business Days from the Deemed Date of Allotment of the respective Series; ii. the Company will ensure listing of Debentures on the BSE within stipulated timelines; iii. the Company shall, inter alia, file a copy of Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 15 (fifteen) days of the allotment of Debentures along with a list of the Debenture Holders and PAS 5; iv. Execution of Deed of Hypothecation & Debenture Trust Deed within 90 days from the date of allotment. v. Filing CHG-9 Form with ROC within stipulated timelines vi. Execution of any other documents as customary for transaction of a similar nature and size.
Default Interest Rate/Additional Interest Rate	<p>Without prejudice to any other rights and remedies available to the Debenture Trustee pursuant to the terms of Transaction Documents:</p> <ol style="list-style-type: none"> i. If, at any time, a Payment Default occurs, the Issuer agrees to pay additional interest at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding under the relevant series of Debentures (including the Outstanding Principal Amounts and any accrued but unpaid interest) from the date of occurrence of such a Payment Default until such Payment Default is cured or the Debentures are fully redeemed. ii. If the Issuer fails to execute the Debenture Trust Deed and Deed of Hypothecation within the stipulated timelines, then the Issuer shall, at the option of the Debenture Holders, either (i) return the subscription amount with the agreed rate of interest or (ii) pay additional interest at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding under the NCDs (including the Outstanding Principal Amounts and any accrued interest) from the Issue Closure Date until such time the deed is executed and the conditions prescribed by Debenture Holders (if any) have been complied with.
Event of Defaults	As mentioned in the Disclosure Document under captioned "Event of Defaults".
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holder(s).
Indemnification	The Issuer will indemnify, and hold harmless the Debenture Holder, Investment Manager of Debenture Holders, and their respective shareholders, officers, directors, employees, representatives and attorneys from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of breach of this Term Sheet by the Issuer.
Arbitration	In the event of any dispute or difference between the Parties to this agreement in respect of or concerning or connected with the interpretation or implementation of this Agreement or arising out of this Agreement, such dispute or difference shall be referred to arbitration by a sole arbitrator, appointed by the Investor in its sole discretion, in accordance with the (Indian) Arbitration and Conciliation Act, 1996, or any modification or amendment thereof. The arbitration shall be held in Kochi, Kerala State. The language of the arbitration proceedings shall be English. The expenses of the arbitration shall be borne by the Issuer. The decision of such arbitration shall be binding and conclusive upon the Parties and may be enforced in any court of competent jurisdiction.
Governing Law	The Debentures / and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts in Kochi and as more particularly provided for in the Debenture Trust Deed.
Transaction Costs	<p>The Issuer shall bear all transaction related costs incurred by the Debenture Holder with respect to legal counsel, valuers and auditors/ consultants. Such costs include:</p> <ul style="list-style-type: none"> • Trustee fees

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	<ul style="list-style-type: none"> • Rating fees • Stamping and registration costs in relation to all Transaction Documents Any other reasonable transaction related expense incurred by the Debenture Holders
Taxes, Duties, Costs and Expenses	<ul style="list-style-type: none"> • Relevant taxes, duties and levies are to be borne by the Issuer. • The charges/ fees and any amounts payable under this Debentures by the Issuer as mentioned herein do not include any applicable taxes, levies including service tax etc. and all such impositions shall be borne by the Issuer additionally.
Issue Timing & Tranche Amount	
Issue/ Bid Opening Date	September 24, 2020
Issue/ Bid Closing Date	September 24, 2020
Issue Pay-in Date	September 24, 2020
Issue Deemed Date of Allotment	September 24, 2020

Illustration of Bond Cash Flows per Debenture

Face Value		Rs. 10,00,000/-				
Coupon Rate		9.30% p.a.				
Months	Date	Net Cash Flow	Principal	Interest	Principal O/s	Days
	24 September 2020	(10,00,000)			10,00,000	
12	24 September 2021	93,000	-	93,000	10,00,000	365
18	24 March 2022	10,46,118	10,00,000	46,118	-	181

For Muthoot Capital Services Limited




Authorized Signatory

Name: Vinodkumar Panicker

Designation: Chief Finance Officer