

Shriram Transport Finance Company Limited

Issue Related FAQs

Q1. What is the Issue Size?

Ans: Base issue size of ₹ 300 Crore, with an option to retain oversubscription of ₹ 300 Crore, aggregating to a total of ₹ 600 Crore

Q2. What is the face value of this NCD?

Ans: The NCDs will be issued at a face value of ₹ 1,000/- per NCD

Q3. What is the frequency of interest payment?

Ans: Series I and Series II NCDs will carry an interest payment to be made on annual basis. Series III and IV NCDs do not carry a coupon and specific Redemption Amounts as mentioned in the Prospectus are payable.

Q4. What is the minimum application size for investment?

Ans: An investor needs to apply for a minimum of ₹ 10,000 or 10 NCDs and in multiples of ₹ 1,000 or 1 NCD thereafter

Q5. Is there any reservation for individual investor investing in this issue?

Ans: Yes. Individual investors in this issue have been classified under two categories, i.e. Reserved Individual Portion (investment up to ₹ 5 lakhs) and Non Reserved Individual Portion (investment above ₹ 5 lakhs). 40% of the issue is reserved for Reserved Individual Portion and 40% for Non Reserved Individual Portion

Q6. Is demat account necessary to invest in these bonds?

Ans: The demat account is necessary for investing in these NCDs to all categories of investors other than Reserved Individual Investors who have opted for allotment of NCDs in the physical form.

Q7. Who is not eligible to invest in the issue?

Ans: Minors without a guardian name; Foreign nationals; Persons resident outside India including without limitation any Foreign Institutional Investors, Non Resident Indians, Qualified Financial Institutions and Overseas Corporate Bodies

Q8. Can the application be made on joint names?

Ans: Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favor 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

In case of Application Form being submitted in joint names, the applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

In the case of applications made in joint names, each of the applicants should mention his or her Permanent Account Number (PAN) allotted under the IT Act in the Application Form.

Q9. What is the time period between date of allotment and date of closure of the issue?

Ans: Allotment of NCDs offered to the public shall be made within a time period of 30 days from the date of closure of the Issue.

Q10. Which stock exchange are the bonds proposed to be listed on?

Ans: The NCDs are proposed to be listed on NSE and BSE

Q11. What are the new features introduced in this Issue?

Ans:

- (a) Market Making
- (b) Reserved Individual Investors have the option to apply for NCDs in physical form
- (c) If Individual Investors (Reserved Individual Investors and Non Reserved Individual Investors) hold the NCDs on any record date, they shall be eligible to additional incentive in terms of interest in case of Series I and II and redemption premium amount in case of Series III and IV respectively

Q12. What are the benefits received by investors falling under Category III and Category IV as individual investors?

Ans: The issue offers benefits for individual investors recognized under Category III and Category IV as highlighted below:

Series I

| Category of NCD Holder as on the Record Date | Rate of Interest/Coupon (% p. a.) – (A) | Additional Incentive on Any Record Date (% p. a.) – (B) | Aggregate of Coupon and Additional Incentive on any Record Date (% p. a.) = (A)+(B) |
|--|---|---|---|
| NCD Holder who is an Individual/HUF | 10.25% | 0.90% | 11.15% |
| NCD Holder other than Individual /HUF* | 10.25% | Nil | 10.25% |

* NCD Holders other than Individuals/HUFs SHALL NOT be eligible for the additional incentive of 0.90 % p. a. for Series I NCDs held on any Record Date

Series II

| Category of NCD Holder as on the Record Date | Rate of Interest/Coupon (% p. a.) – (A) | Additional Incentive on Any Record Date (% p. a.) – (B) | Aggregate of Coupon and Additional Incentive on any Record Date (% p. a.) = (A)+(B) |
|--|---|---|---|
| NCD Holder who is an Individual/HUF | 10.50% | 0.90% | 11.40% |
| NCD Holder other than Individual/HUF * | 10.50% | Nil | 10.50% |

* NCD Holders other than Individuals/HUFs SHALL NOT be eligible for the additional incentive of 0.90% p. a. for Series II NCDs held on any Record Date

Series III

| Category of NCD Holder as on the Record Date | Face Value (₹ per NCD) – (A) | Premium Amount (₹ per NCD) – (B) | Aggregate Amount Payable at the Time of Redemption (₹ per NCD) = (A)+(B) |
|--|------------------------------|----------------------------------|--|
| NCD Holder who is an Individual/HUF | 1,000.00 | 373.19 | 1,373.19 * |
| NCD Holder other than Individual/HUF | 1,000.00 | 340.10 | 1,340.10 * |

* subject to applicable tax deducted at source, if any

Series IV

| Category of NCD Holder as on the Record Date | Face Value (₹ per NCD) – (A) | Premium Amount (₹ per NCD) – (B) | Aggregate Amount Payable at the Time of Redemption (₹ per NCD) = (A)+(B) |
|--|------------------------------|----------------------------------|--|
| NCD Holder who is an Individual/HUF | 1,000.00 | 716.15 | 1,716.15 * |
| NCD Holder other than Individual/HUF | 1,000.00 | 647.90 | 1,647.90 * |

* subject to applicable tax deducted at source, if any

Q13. What is the interest on application money on allotted amount?

Ans: @ 9.00% on application money on the amount allotted, subject to the deduction of Income Tax under the provisions of the Income Tax Act 1961, as amended, as applicable, to any applicants to whom NCDs are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the

date of presentation of each application as acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment

Q14. What is the interest on application money on refunded money?

Ans: @ 2.50% on application money which is liable to be refunded in accordance with the provisions of the Debt Regulations and/or the Companies Act, or other applicable statutory and/or regulatory requirements, subject to the deduction of Income Tax under the provisions of the Income Tax Act 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of presentation of each application as acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment

Q15. What are the tenors of these bonds?

Ans: There are 4 series of bonds:

- 1) Series I with 3 years tenor and annual coupon frequency
- 2) Series II with 5 years tenor and annual coupon frequency
- 3) Series III with 3 years tenor and redeeming at a premium
- 4) Series IV with 5 years tenor and redeeming at a premium

Q16. Who can invest in to these NCDs and what is the basis of allotment?

Ans:

| Categories | | | |
|---|--|--|--|
| I | II | III | IV |
| Resident Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks incorporated in India and authorised to invest in the NCDs; | Companies; bodies corporate and societies registered under the applicable laws in India and authorized to invest in the NCDs; | Resident Indian individuals who apply for NCDs aggregating to a value more than ₹ 5 Lacs, across all Series of NCDs, (Series I, Series II, Series III and/or Series IV); and | Resident Indian individuals who apply for NCDs aggregating to a value not more than ₹ 5 Lacs, across all Series of NCDs, (Series I, Series II, Series III and/or Series IV); and |
| Indian Provident Funds, Pension Funds, Superannuation Funds and Gratuity Funds, authorised to invest in the NCDs; | Trusts settled under the Indian Trusts Act, 1882, public/private charitable/religious trusts settled and/or registered in India under applicable laws, which are authorized to invest in the NCDs; | Hindu Undivided Families through the Karta who apply for NCDs aggregating to a value more than ₹ 5 Lacs, across all Series of NCDs, (Series I, Series II, Series III and/or Series IV) | Hindu Undivided Families through the Karta who apply for NCDs aggregating to a value not more than ₹ 5 Lacs, across all Series of NCDs, (Series I, Series II, Series III and/or Series IV) |
| Indian Venture Capital funds registered with SEBI; | Resident Indian scientific and/or industrial research organizations, authorized to invest in the NCDs; | | |
| Indian Insurance Companies registered with the IRDA; | Partnership firms formed under applicable laws in India in the name of the partners, | | |

| | | | |
|--|--|-------------------------------|-------------------------------|
| | authorized to invest in the NCDs; and | | |
| National Investment Fund; and | Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), authorized to invest in the NCDs | | |
| Indian Mutual Funds registered with SEBI | | | |
| Allotment for Category | | | |
| I | II | III | IV |
| 10% of the Overall Issue Size | 10% of the Overall Issue Size | 40% of the Overall Issue Size | 40% of the Overall Issue Size |

Q17. What is the issue period and timing?

Ans: Issue opens on July 26, 2012 and closes on August 10, 2012.

The subscription list for the Issue shall remain open for subscriptions during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided at the discretion of the duly authorised committee of Directors of the Company subject to necessary approvals. In the event of such early closure or extension of the Issue, the Company shall ensure that notice of the same is provided to the prospective investors, on or before such early date of closure or the initial Closing Date, as the case may be, through advertisement/s in a leading national daily newspaper.

Q18. What is the application amount and mode of payment to be payable on application?

Ans:

- The minimum application size for each application for NCDs would be ₹ 10,000/- (for all Series of NCDs namely, Series I Series II, Series III and Series IV NCDs either taken individually or collectively) and in multiples of ₹ 1,000/- thereafter
- The full application amount is payable on application. In case of allotment of lesser number of NCDs than the number applied, the Company shall refund the excess amount paid on application to the applicant
- All cheques / bank drafts accompanying the application should be crossed "A/c Payee only"
- Payment may be made by way of cheque / bank draft drawn on any bank
- Cash/ stockinvest/money orders/postal orders will NOT be accepted
- All Application Forms received with outstation cheques, post dated cheques, cheques/ bank drafts drawn on banks not participating in the clearing process, Money orders/postal orders, cash, stockinvest shall be rejected and the collecting bank shall not be responsible for such rejections
- Applicants at centres not covered by the branches of collecting banks can send their forms together with a cheque/draft drawn on/payable at a local bank in Chennai to the Registrar to the Issue by registered post

Q19. What are the documents/certificates that need to be filed along with the Application Form?

Ans:

- All applicants have to mention their PAN Number
- In case of applications by/under:

| In case of applications by/under: | Following documents are required: |
|--|--|
| Mutual Funds | Certified true copies of: <ul style="list-style-type: none"> (i) SEBI Registration Certificate and trust deed (ii) Resolution authorising investment and containing operating instructions and (iii) Specimen signatures of authorized signatories |
| Commercial Banks, Co-operative Banks and Regional Rural Banks | Certified true copies of: <ul style="list-style-type: none"> (i) Board Resolution authorising investments (ii) Letter of Authorisation |
| Insurance Companies | Certified true copies of: <ul style="list-style-type: none"> (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorized signatories |
| Trusts | Certified true copies of: <ul style="list-style-type: none"> (i) 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 |
| Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs | Certified true copies of: <ul style="list-style-type: none"> (i) Any Act/Rules under which they are incorporated (ii) Board Resolution authorising investments (iii) Specimen signature of authorized person |
| Companies, bodies corporate and societies registered under the applicable laws in India | Certified true copies of: <ul style="list-style-type: none"> (i) Any Act/Rules under which they are incorporated (ii) Board Resolution authorising investments (iii) Specimen signature of authorized person |
| Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs | Certified true copies of: <ul style="list-style-type: none"> (i) Any Act/Rules under which they are incorporated (ii) Board Resolution authorising investments (iii) Specimen signature of authorized person |

| | |
|--|---|
| In case of applications by/under: | Following documents are required: |
| 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) | Certified true copies of: <ul style="list-style-type: none"> (i) Partnership Deed (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements (iii) Resolution authorizing investment and containing operating instructions (Resolution) (iv) Specimen signature of authorized person |
| Power of Attorney | <ul style="list-style-type: none"> (i) In case of Investments made pursuant to a power of attorney by Category I investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged (ii) In case of Investments made pursuant to a power of attorney by Category II, Category III and Category IV investors, a certified copy of the power of attorney must be lodged |

- **KYC Documents to be submitted by Reserved Individual Investors Opting for NCDs in the Physical Form:**

- (a) Self-attested copy of the PAN card
- (b) Self-attested copy of the proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:
 - ration card issued by the GoI or
 - valid driving license issued by any transport authority of the Republic of India or
 - electricity bill (not older than three months) or
 - landline telephone bill (not older than three months) or
 - valid passport issued by the GoI or
 - Voter's Identity Card issued by the GoI or
 - passbook or latest bank statement issued by a bank operating in India
 - leave and license agreement or agreement for sale or rent agreement or flat maintenance bill
 - Self-attested copy of Registered Office address in case of applicants under Category I or
 - Life Insurance Policy
- (c) Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited

Q20. What is the basis of allotment? How will allocation happen in case of oversubscriptions?

Ans:

- Applicants belonging to the Institutional Portion, in the first instance, will be allocated NCDs upto 10% of Overall Issue Size on first come first serve basis
- Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated NCDs upto 10% of Overall Issue Size on first come first serve basis
- Applicants belonging to the Reserved Individual Portion, in the first instance, will be allocated NCDs upto 40% of Overall Issue Size on first come first serve basis
- Applicants belonging to the Non Reserved Individual Portion, in the first instance, will be allocated NCDs upto 40% of Overall Issue Size on first come first serve basis

Under subscription: If there is any under subscription in any Portion, priority in allotments will be given in the following order (in decreasing order of priority):

- (i) Reserved Individual Portion
- (ii) Non Reserved Individual Portion
- (iii) Non Institutional Portion
- (iv) Institutional Portion

For each Portion, all applications received on the same day by the Bankers to the Issue would be treated at par with each other. Allotment within a day would be on proportionate basis, where NCDs applied for exceeds NCDs to be allotted for each Portion respectively.

In case of an 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 in each Portion, 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 presentation of each application to the Bankers to the Issue, in each Portion).

Q21. What is the additional rate of interest for Senior citizens?

Ans: No additional rates are offered for Senior citizens.

Q22. Can an applicant make additional/multiple applications?

Ans: Yes, additional applications are allowed. However, all applications by the same applicant will be grouped based on the PAN for allocation purposes 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.

Multiple applications by the same individual applicant aggregating to a value exceeding ₹ 5 lacs shall deem such individual applicant to be a Non Reserved Individual Applicant and all such applications shall be grouped in the Non Reserved Individual Portion, for the purpose of determining the basis of allotment to such applicant. However, 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 Hindu Undivided family and/or as joint applicant (second or third applicant), shall not be deemed to be a multiple application.

Q23. Can an applicant make changes to his/her application?

Ans: No. Applicants are not allowed to amend applications, once submitted to the Escrow Bankers. However, an applicant can withdraw all or any of the application at any time until one day prior to the date on which the Basis of Allotment for NCDs pursuant of the Issue is approved by the Stock Exchanges.

Q24. What is the tax treatment of these NCDs?

Ans: For resident NCD holder, interest received would be subject to tax at the normal rates of tax. Long-term capital gains arising on the transfer of listed debentures would be subject to tax at the rate of 10% of capital gains calculated without indexation of the cost of acquisition. 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.

However, investors are advised to consider in his own case the tax implications in respect of subscription to the NCDs after consulting his tax advisor.

Q25. Will there be TDS on the coupon interest paid to these NCDs holders?

Ans:

Interest received by the NCD Holders would be subject to tax at the normal rates of tax.

- No tax is deductible at source on any interest payable on securities issued by the Company in dematerialized form and listed on a recognized stock exchange in India
- In case of NCDs held in physical form, 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
- Interest on application money and interest on refund of application money, shall be subject to TDS

However, investors are advised to consider in their own case the tax implications in respect of subscription to the NCDs after consulting their tax advisor.

Q.26 Are the NCDs secured?

Ans: The principal amount of the NCDs together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof are secured by way of first and exclusive charge on an identified immovable property and specified future receivables of the Company as may be decided mutually by the Company and the Debenture Trustee.

Q27. Since the same NCD will have different yields to different classes of investors (Individuals and Non-Individuals), how will the trading in secondary market happen? Will it impact liquidity? Will it impact listing gains?

Ans: If the Individual holds the NCDs on the relevant record date, he is entitled to the additional incentive in terms of interest in case of Series I and II NCDs and redemption premium amount in case of Series III and IV NCDs respectively. We do not foresee any impact on the liquidity front due to the freely tradable nature of the NCDs and market making feature (subject to receipt of statutory approvals). We cannot comment on the listing gains.

Q28. What happens when an Individual buys the NCD from a Non Individual in the secondary market? Will the new Individual investor get higher interest coupon/redemption premium?

Ans: Yes, the new Individual will get higher interest coupon/redemption premium if the new Individual is a holder of the NCD on the relevant record date.

Irrespective of the trading history of the NCDs, the Individual will be entitled to the additional incentive in terms of interest in case of Series I and II NCDs and redemption premium amount in case of Series III and IV NCDs respectively, if the Individual is a NCD holder on the relevant record date.

Irrespective of the trading history of the NCDs, the Non Individual will not be entitled to the additional incentive in terms of interest in case of Series I and II NCDs and redemption premium amount in case of Series III and IV NCDs respectively, if the Non Individual is a NCD holder on the relevant record date.