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**Tata Capital Financial Services Limited**  
**FAQs**

**Q1. What is the base issue size?**

Ans: Base issue size of Rs. 2,00,000 lakh, aggregating up to 7,50,000 lakh (Tranche 1 Issue)

**Q2. What is the credit rating for the NCDs?**

Ans: The NCDs have been rated 'CRISIL AAA/Stable' by CRISIL for an amount of up to Rs.7,50,000 lakhs vide its letter dated August 15, 2018 and further revalidated by letter dated August 27, 2018 and 'CARE AAA/ Stable' by CARE for an amount of up to Rs. 7,50,000 lakhs vide its letter dated August 14, 2018 and further revalidated by letter dated August 27, 2018. The rating of the NCDs by CRISIL and CARE indicate that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

**Q3. What is the face value of this NCD?**

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

**Q4. What is the frequency of interest payment?**

Ans: For NCDs of Option I, Option II and Option III interest will be paid on annual basis.

**Q5. What is the minimum application size for investment?**

Ans: Each application should be for a minimum of Ten NCDs and multiples of one NCD thereof. The minimum application size for each application would be Rs. 10,000 (for all kinds of Option I, II and III NCDs either taken individually or collectively) and in multiples of Rs. 1,000 thereafter.

**Q6. Is there any reserve portion in any option in this issue?**

Ans: No portion of this Tranche 1 Issue has been reserved

**Q7. Is demat account necessary to invest in these NCDs?**

Ans: Yes. TCFSL shall issue the NCDs in dematerialized form in terms of Regulation 4 (2) (d) of the SEBI Debt Regulations.

**Q8. Who is not eligible to invest in the issue?**

Ans: The following categories of persons, and entities, shall not be eligible to participate in this Tranche 1 Issue and any Applications from such persons and entities are liable to be rejected:

- (a) Minors without a guardian name\*(A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
- (b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- (c) Persons resident outside India and other foreign entities;
- (d) Foreign Institutional Investors;
- (e) Foreign Portfolio Investors;
- (f) Foreign Venture Capital Investors
- (g) Qualified Foreign Investors;
- (h) Overseas Corporate Bodies; and
- (i) Person ineligible to contract under applicable statutory/regulatory requirements.

*\*Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

#### **Q9. Can the application be made on joint names?**

Ans: Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account (in case of Applicants applying for Allotment of the NCDs in dematerialized form) held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour 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.

#### **Q10. Which stock exchange are the NCDs proposed to be listed on?**

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

#### **Q11. What are the interest rates and benefits received under different categories?**

Ans:

##### **Option I NCDs**

Coupon Rate for Category I and II Investors	8.70%
Effective Yield for Category I and II Investors	8.70%
Coupon Rate for Category III and IV Investors	8.80%
Effective Yield for Category III and IV Investors	8.80%

### Option II NCDs

Coupon Rate for Category I and II Investors	8.80%
Effective Yield for Category I and II Investors	8.80%
Coupon Rate for Category III and IV Investors	8.90%
Effective Yield for Category III and IV Investors	8.90%

### Option III NCDs

Coupon Rate for Category I and II Investors	9.00%
Effective Yield for Category I and II Investors	9.00%
Coupon Rate for Category III and IV Investors	9.10%
Effective Yield for Category III and IV Investors	9.10%

### Q12. What are the tenors of these bonds?

Ans: The NCDs pursuant to this Tranche 1 Prospectus have a fixed maturity date. The date of maturity of the NCDs is as follows:

Options of NCDs	At the end of maturity period
I	3 years from the Deemed Date of Allotment
II	5 years from the Deemed Date of Allotment
III	10 years from the Deemed Date of Allotment

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

Ans: TCFSL shall pay interest at the rate of the respective applicable coupon rate for the Options of NCDs allotted to investors, on the Application Amount against which NCDs are allotted to the Applicants, other than to ASBA Applicants, subject to 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) upto one day prior to the Deemed Date of Allotment. In the event that such date of realization of the cheque(s) / demand draft(s) is not ascertainable in terms of banking records, TCFSL shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic application platform of the Stock Exchanges upto one day prior to the Deemed Date of Allotment. A tax deduction certificate will be issued for the amount of income tax so deducted.

TCFSL may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment / NCD Certificates at the sole risk of the Applicant, to the sole/first Applicant.

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

Ans: TCFSL shall pay interest at the rate of 6% per annum, on the Application Amount on all valid Applications, which is liable to be refunded to the Applicants (other than Application Amounts received after the Issue Closing Date and ASBA Applicants) pursuant to this Tranche I Prospectus,



subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to the Applicants whose valid Applications receive (i) partial allotment due to oversubscription or (ii) no allotment due to oversubscription pursuant to the Tranche I Issue from the date of realization of the cheque(s) / demand draft(s) upto one day prior to the Deemed Date of Allotment. In the event that such date of realization of the cheque(s) / demand draft(s) is not ascertainable in terms of banking records, TCFSL shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the Stock Exchanges upto one day prior to the Deemed Date of Allotment. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the Applicant, to the sole / first Applicant.

In the event TCFSL does not receive a minimum subscription as specified in this Tranche I Prospectus on the date of closure of the Issue, TCFSL shall pay interest on Application Amount which is liable to be refunded to the Applicants, other than to ASBA Applicants, in accordance with the provisions of the SEBI Debt Regulations and/or the Companies Act, 2013, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable.

Provided that, notwithstanding anything contained hereinabove, TCFSL shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid Applications or Applications liable to be rejected, (b) Applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form

**Q15. Who can invest in these NCDs?**

Ans:

<b>Category I</b>	<b>Category II</b>	<b>Category III</b>	<b>Category IV</b>
<b>Institutional Investors</b>	<b>Non Institutional Investors</b>	<b>High Net-worth Individual, ("HNIs"), Investors</b>	<b>Retail Individual Investors</b>

<ul style="list-style-type: none"> <li>• Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs;</li> <li>• Provident funds &amp; pension funds with minimum corpus of Rs.2500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;</li> <li>• Mutual Funds registered with SEBI</li> <li>• Venture Capital Funds/ Alternative Investment Fund registered with SEBI;</li> <li>• Insurance Companies registered with IRDA;</li> <li>• State industrial development corporations;</li> <li>• Insurance funds set up and managed by the army,</li> </ul>	<ul style="list-style-type: none"> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013; co-operative banks, and societies registered under the applicable laws in India and authorized to invest in the NCDs;</li> <li>• Statutory bodies/corporations</li> <li>• Public/private charitable/ religious trusts which are authorised to invest in the NCDs;</li> <li>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>• Association of Persons; and</li> <li>• Any other incorporated and/ or unincorporated body of persons</li> </ul>	<ul style="list-style-type: none"> <li>• High Networkworth Individual Investor (HNIs) - Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above Rs.10 lakhs across all option of NCDs in Issue</li> </ul>	<ul style="list-style-type: none"> <li>• Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including Rs.10 lakhs across all option of NCDs in Issue</li> </ul>
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<p>navy, or air force of the Union of India;</p> <ul style="list-style-type: none"><li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li><li>• Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net-worth of more than Rs.50,000 lakh as per the last audited financial statements;</li><li>• National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India</li></ul>			
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## **Q16. What is the issue period and timing?**

The issue opens on 10<sup>th</sup> September, 2018 and closes on 21<sup>st</sup> September, 2018 subject to early closure.

The Tranche I Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (IST), during the period indicated in this Tranche I Prospectus, except that the Tranche I Issue may close on such earlier date or extended date as may be decided by the Board of Directors of TCFSL ("**Board**") or the Working Committee, as the case may be. In the event of such an early closure of or extension of the Tranche I Issue, TCFSL shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or initial date of Tranche I Issue closure.

Applications Forms for the Tranche I Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. (IST) and uploaded until 5:00 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges.

Due to limitation of time available for uploading the Applications on the electronic platform of the Stock Exchanges on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3:00 p.m. (IST) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Tranche I Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither TCFSL, nor the Lead Managers or the Members of the Consortium are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. As per the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013, the allotment in the Tranche I Issue would be made on the basis of date of upload of each Application into the electronic book of the Stock Exchanges. However, in the event of oversubscription, on such date, the allotments would be made to the Applicants on proportionate basis.

## **Q17. What is the application amount and mode of payment to be payable on application?**

Ans: The entire issue price for the NCDs is payable on Application only. In case of Allotment of lesser number of NCDs than the number applied, our TCFSL shall refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

### **Payment mechanism for ASBA Applicants**

An ASBA Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA

Account specified in the Application Form. Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Escrow Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 12 (twelve) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Tranche I Issue or until rejection of the ASBA Application, as the case may be.

### **Payment mechanism for non ASBA Applicants**

TCFSL shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Applicants (except for ASBA Applicants) shall draw cheques or demand drafts in respect of his or her Applications. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form. Cheques or demand drafts for the Application Amount received from Applicants would be deposited by the Consortium and Trading Members, as the case may be, in the Escrow Accounts.

Details of the branches of the Escrow Collection Banks, where the Application Forms along with cheques / demand drafts submitted by non-ASBA Applicants shall be deposited by the Consortium and Trading Members, are available on the website of the Lead Managers at [www.akgroup.co.in](http://www.akgroup.co.in), [www.edelweissfin.com](http://www.edelweissfin.com) and [www.axisbank.com](http://www.axisbank.com). A link to the said web pages shall also be available on the website of BSE and the NSE at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). A link shall also be provided to the above mentioned websites in the Application Form as well.

Each Applicant (except for ASBA Applicants) shall draw a cheque or demand draft for the Application Amount as per the following terms:

(a) The payment instruments from the Applicants shall be payable into the Escrow Account "**TCFSL NCD Escrow Account**".

(b) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected.

(c) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.

(d) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement and this Tranche I Prospectus into the Public Issue Account. The Escrow Collection Bank shall also, upon receipt of instructions from the Lead Managers and the Registrar, transfer all amounts payable to Applicants, who have not been allotted NCDs to the Refund Accounts.



Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between TCFSL, the Lead Managers, the Escrow Collection Banks and the Registrar to facilitate collections from the Applicants.

Please note that Applications accompanied by Application Amounts in cash/ stock invest/ money orders/ postal orders will not be accepted.

The Escrow Collection Banks will act in terms of the Shelf Prospectus and this Tranche I Prospectus and the Escrow Agreement. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein. It is mandatory for TCFSL to keep the proceeds of the Tranche I Issue in an escrow account until the documents for creation of security as stated in this Tranche I Prospectus are executed.

On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of NCDs (other than in respect of Allotment to successful ASBA Applicants) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account(s) provided that TCFSL will have access to such funds only after receipt of minimum subscription which is 75% of the Base Issue before the Issue Closing Date, receipt of final listing and trading approval from the Stock Exchange and execution of the Debenture Trust Deed.

#### **Additional information for Applicants**

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.
2. For ASBA Applicants, no separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Consortium or the SCSB or the Trading Member, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Consortium / Trading Member or the relevant Designated Branch, they are liable to be rejected.
4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

#### **Q18. What are the documents/certificates that need to be filed along with the Application Form?**

Ans:

- All applicants shall be required to mention their PAN Number in the Application Form
- In case of applications by/under:

<b>Type of Investors</b>	<b>Documents to be submitted with application form</b>
<b>Commercial Banks, Co-operative Banks and Regional Rural Banks</b>	<p>The Application must be accompanied by certified true copies of:</p> <p>(i) memorandum and articles of association/charter of constitution;</p> <p>(ii) power of attorney;</p> <p>(iii) resolution authorising investments/containing operating instructions; and</p> <p>(iv) Specimen signatures of authorised signatories.</p>
<b>Insurance companies registered with the IRDA</b>	<p>The Application must be accompanied by certified copies of</p> <p>(i) Memorandum and Articles of Association</p> <p>(ii) Power of Attorney</p> <p>(iii) Resolution authorising investment and containing operating instructions</p> <p>(iv) Specimen signatures of authorized signatories.</p>
<b>Provident Funds, Pension Funds, Superannuation Funds and Gratuity Funds</b>	<p>The Application must be accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• Any Act/Rules under which they are incorporated</li> <li>• Board Resolution authorizing investments</li> <li>• Such other documents evidencing registration thereof under applicable statutory/regulatory requirements</li> <li>• Specimen signature of authorized person</li> <li>• Certified copy of the registered instrument for creation of such fund/trust</li> <li>• Any tax exemption certificate issued by Income Tax authorities.</li> </ul>

Type of Investors	Documents to be submitted with application form
<b>National Investment Fund</b>	<p>The application must be accompanied by certified true copies of:</p> <p>(i) resolution authorising investment and containing operating instructions; and</p> <p>(ii) Specimen signature of authorized persons.</p>
<b>Mutual Funds</b>	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• SEBI registration Certificate</li> <li>• Trust deed in respect of Mutual Fund</li> <li>• Resolution authorizing investment and containing operating instructions (Resolution)</li> <li>• Specimen signature of authorized signatories</li> </ul>
<b>Non- Banking Financial Companies</b>	<p>The Application Form must be accompanied by certified true copies of their</p> <p>(i) memorandum and articles of association/charter of constitution;</p> <p>(ii) power of attorney;</p> <p>(iii) resolution authorizing investments/containing operating instructions</p> <p>(iv) Specimen signatures of authorised signatories.</p>
<b>Alternative Investment Funds</b>	<p>Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "<b>SEBI AIF Regulations</b>") for Allotment of the NCDs must be accompanied by certified true copies of</p> <p>(i) SEBI registration certificate;</p> <p>(ii) a resolution authorising investment and containing operating instructions; and</p> <p>(iv) Specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it</p>

<b>Type of Investors</b>	<b>Documents to be submitted with application form</b>
	under the SEBI AIF Regulations and the relevant notifications issued by SEBI.
<b>Public Financial Institutions or Statutory Corporations</b>	<p>The Application Form must be accompanied by certified true copies of :-</p> <p>(i) Any Act/ Rules under which they are incorporated;</p> <p>(ii) Board Resolution authorizing investments; and</p> <p>(iii) Specimen signature of authorized person.</p> <p>(i) required under applicable statutory</p>
<b>Companies, bodies corporate and societies registered under the applicable laws in India</b>	<p>The Application must be accompanied by certified true copies of:</p> <p>(i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.</p>
<b>Power of attorney by limited companies, corporate bodies and registered societies</b>	<p>In case of Applications made pursuant to a power of attorney by Applicants from Category 1, 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 must be submitted with the Application Form.</p> <p>In case of Applications made pursuant to a power of attorney by Applicants from Category II and Category III, a certified copy of the power of attorney must be lodged along with the Application Form.</p>
<b>Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment</b>	<p>I. certified copy of the certificate of registration or proof of constitution, as applicable</p> <p>II. Power of Attorney, if any, in favour of one or more persons thereof</p> <p>III. Such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs</p>

Type of Investors	Documents to be submitted with application form
	<p>pursuant to this Tranche 1 Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorizations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.</p>
<p><b>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)</b></p>	<p>The Application must be accompanied by certified true copies of</p> <ul style="list-style-type: none"> <li>(i) Partnership Deed;</li> <li>(ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements;</li> <li>(iii) Resolution authorizing investment and containing operating instructions;</li> <li>(iv) Specimen signature of authorized person.</li> </ul>
<p><b>Trusts</b></p>	<p>In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a</p> <ul style="list-style-type: none"> <li>(i) certified copy of the registered instrument for creation of such trust,</li> <li>(ii) Power of Attorney, if any, in favour of one or more trustees thereof,</li> <li>(iii) Such other documents evidencing registration thereof under applicable statutory/regulatory</li> </ul>

Type of Investors	Documents to be submitted with application form
	<p>requirements. Further, any trusts applying for NCDs pursuant to the Tranche 1 Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions</p>

**Q19. What is the basis of allotment? How will allocation happen in case of oversubscriptions?**

Ans: The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchanges and determine the valid Application for the purpose of drawing the valid Applications for the purpose of drawing the basis of allocation.

**Allocation Ratio for Secured NCDs**

(A) Applications received from Category I Applicants: Applications received from Applicants belonging to Category I shall be grouped together ("**Institutional Portion**");  
Tranche I Prospectus August 29, 2018

(B) Applications received from Category II Applicants: Applications received from Applicants belonging to Category II, shall be grouped together ("**Non-Institutional Portion**").

(C) Applications received from Category III Applicants: Applications received from Applicants belonging to Category III shall be grouped together (“**High Net-worth Individual Category Portion**”).

(D) Applications received from Category IV Applicants: Applications received from Applicants belonging to Category IV shall be grouped together (“**Retail Individual Category Portion**”).

### **Allocation Ratio for Secured NCDs**

<b>Institutional Portion</b>	<b>Non-Institutional Portion</b>	<b>High Net Worth Individual Portion</b>	<b>Retail Individual Investor Portion</b>
20% of the Overall Issue Size	20% of the Overall Issue Size	30% of the Overall Issue Size	30% of the Overall Issue Size

### ***Basis of Allotment for NCDs***

- I. Applicants belonging to the Institutional Portion, in the first instance, will be allocated Secured NCDs upto 20% of Secured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges.
- II. Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated Secured NCDs upto 20% of Secured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges.
- III. Applicants belonging to the High Net-worth Individual Category Portion, in the first instance, will be allocated Secured NCDs upto 30% of Secured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges.
- IV. Applicants belonging to the Retail Individual Category Portion, in the first instance, will be allocated Secured NCDs upto 30% of Secured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchange.

In case of a valid Application where the investor has not marked a particular Option then our T will allot the Secured NCDs under Option II.

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchanges, in each Portion subject to the Allocation Ratio indicated above.

As per the SEBI circular dated October 29, 2013, the Allotment in this Tranche I Issue is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges. However, on the date of oversubscription, the allotments should be made to the applicants on proportionate basis.

**Under Subscription:** If there is any under subscription in any Category, priority in Allotments will be given in the following order: **(i)** the Retail Individual Category Portion; **(ii)** High Net-worth Individual Category Portion, **(iii)** Non-Institutional Portion; **(iv)** Institutional Portion, on a first come first serve basis. For each Category, all Applications uploaded on the same day onto the electronic platform of the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Secured NCDs uploaded into the platform of the Stock Exchanges on a particular date exceeds the Secured NCDs to be allotted for each portion respectively. Minimum allotments of 1 Secured NCD and in multiples of 1 Secured NCD thereafter would be made in case of each valid Application to all Applicants.

**Allotments in case of 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, i.e. full Allotment of the Secured 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 Secured NCDs to the applicants on the date of oversubscription (based on the date of upload of each Application on the electronic platform of the Stock Exchanges, in each portion).  
*Unsecured NCDs*

**Grouping of Applications and allocation ratio:** For the purposes of the basis of allotment:

(a) *Applications received from Category I Applicants:* Applications received from Applicants belonging to Category I shall be grouped together ("**Institutional Portion**");

(b) *Applications received from Category II Applicants:* Applications received from Applicants belonging to Category II, shall be grouped together ("**Non-Institutional Portion**").

(c) *Applications received from Category III Applicants:* Applications received from Applicants belonging to Category III shall be grouped together ("**High Net-worth Individual Category Portion**").

(d) *Applications received from Category IV Applicants:* Applications received from Applicants belonging to Category IV shall be grouped together ("**Retail Individual Category Portion**"). For removal of doubt, the terms "**Institutional Portion**", "**Non-Institutional Portion**", "**High Net-worth Individual Category Portion**" and "**Retail Individual Category Portion**" are individually referred to as "**Portion**" and collectively referred to as "**Portions**".

#### **Allocation Ratio for Unsecured NCDs**

<b>Institutional Portion</b>	<b>Non-Institutional Portion</b>	<b>High Net Worth Individual Portion</b>	<b>Retail Individual Investor Portion</b>
20% of the Overall Issue Size	20% of the Overall Issue Size	30% of the Overall Issue Size	30% of the Overall Issue Size

- I. Applicants belonging to the Institutional Portion, in the first instance, will be allocated Unsecured NCDs upto 20% of Unsecured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges; *Tranche I Prospectus August 29, 2018.*
- II. Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated Unsecured NCDs upto 20% of Unsecured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges.



- III. Applicants belonging to the High Net-worth Individual Category Portion, in the first instance, will be allocated Unsecured NCDs upto 30% of Unsecured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchanges.
- IV. Applicants belonging to the Retail Individual Category Portion, in the first instance, will be allocated Unsecured NCDs upto 30% of Unsecured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the date of upload of their Applications in to the electronic platform of the Stock Exchange.
- V. Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchanges, in each Portion subject to the Allocation Ratio indicated above.

As per the SEBI circular dated October 29, 2013, the Allotment in this Tranche I Issue is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges. However, on the date of oversubscription, the allotments should be made to the applicants on proportionate basis.

**Under Subscription:** If there is any under subscription in any Category, priority in Allotments will be given in the following order: **(i)** the Retail Individual Category Portion; **(ii)** High Net-worth Individual Category Portion, **(iii)** Non-Institutional Portion; **(iv)** Institutional Portion, on a first come first serve basis.

For each Category, all Applications uploaded on the same day onto the electronic platform of the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Unsecured NCDs uploaded into the platform of the Stock Exchanges on a particular date exceeds the Unsecured NCDs to be allotted for each portion respectively.

Minimum allotments of 1 Unsecured NCD and in multiples of 1 Unsecured NCD thereafter would be made in case of each valid Application to all Applicants.

### **Allotments in case of 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, i.e. full Allotment of the Unsecured 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 Unsecured NCDs to the applicants on the date of oversubscription (based on the date of upload of each Application on the electronic platform of the Stock Exchanges, in each portion).

### **Proportionate Allotments**

For each Portion, on the date of oversubscription:

- I. Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.

- II. If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Tranche I Issue size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.
- III. In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, TCFSL will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner. rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.
- IV. In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, TCFSL will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

**Q20. Can an applicant make additional/multiple applications?**

Ans: If an Applicant has applied for more than one Option of NCDs and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Options, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with the Lead Manager and the Designated Stock Exchange.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Tranche I Issue shall be taken by TCFSL in consultation with the Lead Managers and the Designated Stock Exchanges and in compliance with the aforementioned provisions of this Tranche I Prospectus. Any other queries / issues in connection with the Applications will be appropriately dealt with and decided upon by TCFSL in consultation with the Lead Managers.

All decisions pertaining to the basis of allotment of NCDs pursuant to this Tranche I Issue shall be taken by TCFSL in consultation with the Lead Managers, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Tranche I Prospectus Applications where the Application Amount received is greater than the minimum Application Amount, and the Application Amount paid does not tally with the number of NCDs applied for may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ` 1,000.

**Q21. Can an applicant make changes to his/her application?**

Ans: As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise / modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchanges, by submitting a written request to the Lead Managers/

Trading Members of the Stock Exchange/ the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Lead Managers, Trading Members of the Stock Exchange and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

## **Q22. What is the tax treatment of these NCDs?**

Ans: Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.
2. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration. However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Accordingly, long term capital gains arising to the Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures. In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.
3. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer. 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 in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 2 above would also apply to such short term capital gains.

4. In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.
5. Securities Transaction Tax ("STT") is a tax levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the debentures 68
6. Income tax is deductible at source on interest on debentures, payable to resident debenture holders at the time of credit/ payment as per the provisions of section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:
  - a) Any security issued by a Company in a dematerialised form and is listed on recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
  - b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed Rs.5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
  - c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
  - d) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax". Further, section 87A provides a rebate of 100 percent of income-tax or an amount of Rs. 2,500 whichever is less to a resident individual whose total income does not exceed Rs. 3, 50,000.
7. Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

8. In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.
9. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.
10. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act
11. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming setoff against subsequent year's long-term capital gains.

**Q23. Can NRI Apply in this Issue?**

Ans: No, NRIs are ineligible to apply in this Issue.

**Q24. What would be the ranking of these NCDs?**

Ans: The Secured NCDs would constitute secured obligations of TCFSL and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of a first ranking *pari passu* charge by way of a mortgage over the identified immovable property and first ranking *pari passu* charge on identified book debts, loans and advances, and receivables, both present and future which are not offered to lenders for their credit facilities. The Secured NCDs proposed to be issued under the Tranche I Issue and all earlier issues of debentures outstanding in the books of TCFSL having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

The Unsecured NCDs would constitute unsecured and subordinated obligations of TCFSL and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements. The Unsecured NCDs proposed to be issued under the Issue and all earlier issues of unsecured debentures outstanding in the books of TCFSL, if any, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. The claims of the Unsecured NCD Holders shall be subordinated to those of the other creditors of TCFSL, subject to applicable statutory and/or regulatory requirements. TCFSL shall, subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions, treat the Unsecured NCDs as Tier II capital.