

PUBLIC ISSUE OF SECURED NON-CONVERTIBLE DEBENTURES
by
SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

| | |
|---------------------------|----------------------|
| Issue Opening Date | July 16, 2013 |
| Issue Closing Date | July 29, 2013 |

Public Issue by Shriram Transport Finance Company Limited, ("Company" or "Issuer") of Secured Non-Convertible Debentures of face value of ₹ 1,000 each, ("NCDs"), aggregating upto ₹ 375 crore with an option to retain over-subscription upto ₹ 375 crore for issuance of additional NCDs aggregating to a total of upto ₹ 750 crore ("Issue").

Company Profile:

- Largest asset financing NBFC in India*
- Registered as a Deposit taking NBFC with Reserve Bank of India
- Track record of over 34 years
- Strategic presence in Small Road Transport Operators segment and pre-owned commercial vehicle financing
- Expertise in loan origination, valuation and collection in pre-owned commercial vehicle financing
- Pan-India presence through widespread network of 539** branches
- Total employee strength was approximately 16,178**

Financial Highlights:

- Total Asset under Management (AUM) has grown by a CAGR of 21.04% from FY09 to FY13
- AUM of ₹ 50,120 Cr as on Mar 31, 2013
- Total Income of ₹ 6,563 Cr & Profit After Tax of ₹ 1,360 Cr for FY 2013
- Gross NPA of 3.21% and a Net NPA of 0.73% as on March 31, 2013
- Capital Adequacy Ratio (CAR) of 20.74% as on March 31, 2013

Strengths

- The largest asset financing NBFC* in India
- Access to a range of cost effective funding sources
- Unique business model and a track record of strong financial performance
- Strong brand name
- Extensive experience and expertise in credit appraisal and collection processes
- Experienced senior management team

Strategies

- Expansion of operations through growth in branch network, penetration into rural centres and increasing partnership and co-financing arrangements with private financiers
- Continue to develop "Automall" business through its wholly-owned subsidiary 'Shriram Automall India Limited'
- Consolidate and expand construction and equipment finance business through its wholly-owned subsidiary, Shriram Equipment Finance Company Limited
- Consolidation of product portfolio
- Continue to implement advanced processes and systems

* Source: D&B Research Report

** Figures as on March 31, 2013

ISSUE STRUCTURE

| Face Value (in ₹ / NCD) | 1,000.00 | | | | | | | | | | | | | | | |
|---------------------------------|--|-----------------------|-------------------|---|-------------------|-------------------------------|--------|-------------------------|---------------|-----------|---|------|-----------------|---------------|-----------|---|
| Issue Price (in ₹ / NCD) | 1,000.00 | | | | | | | | | | | | | | | |
| Minimum Application | ₹ 10,000/- (10 NCDs) (for all Series of NCDs, namely Series I, Series II, Series III, Series IV and Series V either taken individually or collectively) | | | | | | | | | | | | | | | |
| In Multiples of | ₹ 1,000/- (1 NCD) | | | | | | | | | | | | | | | |
| Listing | BSE and NSE. | | | | | | | | | | | | | | | |
| Credit Rating | <table border="1"> <thead> <tr> <th>Rating Agency</th> <th>Rating</th> <th>Date of Credit Rating</th> <th>Limit (₹ in lacs)</th> <th>What does the Rating Indicate</th> </tr> </thead> <tbody> <tr> <td>CRISIL</td> <td>CRISIL AA/Stable</td> <td>June 11, 2013</td> <td>75,000.00</td> <td>High degree of safety regarding timely servicing of financial obligations and carrying very low credit risk</td> </tr> <tr> <td>CARE</td> <td>CARE AA+</td> <td>June 12, 2013</td> <td>75,000.00</td> <td>High degree of safety as regards timely servicing of financial obligations and carrying very low credit risk.</td> </tr> </tbody> </table> | Rating Agency | Rating | Date of Credit Rating | Limit (₹ in lacs) | What does the Rating Indicate | CRISIL | CRISIL AA/Stable | June 11, 2013 | 75,000.00 | High degree of safety regarding timely servicing of financial obligations and carrying very low credit risk | CARE | CARE AA+ | June 12, 2013 | 75,000.00 | High degree of safety as regards timely servicing of financial obligations and carrying very low credit risk. |
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| CARE | CARE AA+ | June 12, 2013 | 75,000.00 | High degree of safety as regards timely servicing of financial obligations and carrying very low credit risk. | | | | | | | | | | | | |
| Who can apply? | <p>Category I – Institutional Investors</p> <ul style="list-style-type: none"> Resident public financial institutions as specified in Section 4 A of the Companies Act authorized to invest in the NCDs; Statutory corporations including State Industrial Development Corporations, commercial banks, co-operative banks and regional rural banks incorporated in India and authorized to invest in the NCDs; Indian Provident funds, pension funds, superannuation funds and gratuity funds, authorized to invest in the NCDs; Indian alternative investment funds registered with SEBI; Indian insurance companies registered with the IRDA; Indian Mutual Funds registered with SEBI; National Investment Fund set up pursuant to the resolution F. No. 2/3/2005-DD-II dated November 23, 2005 by the Government of India; and Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India <p>Category II – Non Institutional Investors</p> <ul style="list-style-type: none"> Companies, bodies corporate and societies, registered under the applicable laws in India, and authorized 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; Resident Indian scientific and/or industrial research organizations, authorized to invest in the NCDs; Partnership firms formed under applicable laws in India in the name of the partners, authorized to invest in the NCDs; 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. <p>Category III – High Net-worth Individuals, ("HNIs")</p> <ul style="list-style-type: none"> Resident Indian individuals who apply for NCDs aggregating to a value more than ₹ 5 lacs, across all Series of NCDs; and Hindu Undivided Families through the Karta who apply for NCDs aggregating to a value more than ₹ 5 lacs, across all Series of NCDs. <p>Category IV – Retail Individual Investors</p> <ul style="list-style-type: none"> Resident Indian individuals who apply for NCDs aggregating to a value not more than ₹ 5 lacs, across all Series of NCDs; and Hindu Undivided Families through the Karta who apply for NCDs aggregating to a value not more than ₹ 5 lacs, across all Series of NCDs. | | | | | | | | | | | | | | | |
| Mode of Allotment | All Series of NCDs except for Series III NCDs will be allotted in the dematerialized form and/or the physical form, at the option of the Applicant. Series III NCDs will be allotted compulsorily in the dematerialized form. | | | | | | | | | | | | | | | |
| Trading | The trading of the NCDs on the floor of the Stock Exchanges shall be in dematerialized form only. | | | | | | | | | | | | | | | |
| Trading Lot | 1 (one) NCD | | | | | | | | | | | | | | | |
| Depositories | NSDL and CDSL | | | | | | | | | | | | | | | |
| Pay-in date | The date of Application. The entire Application Amount is payable on Application. | | | | | | | | | | | | | | | |
| Record Date | The record date (a) in connection with Series I, Series II and Series III NCDs shall be 15 (fifteen) days prior to the date on which interest is due and payable, or the date of redemption, or as may be prescribed by the relevant stock exchanges, and (b) in connection with Series IV and Series V NCDs shall be 15 (fifteen) days prior to the date of redemption of the Series IV and Series V NCDs, or as may be prescribed by the relevant stock exchanges. | | | | | | | | | | | | | | | |

Terms of the Issue

| Series | I | | II | | III | | IV | | V | |
|---|---|-------------------------------------|--|-------------------------------------|---|-------------------------------------|--|-------------------------------------|---|---|
| Frequency of Interest Payment | Annual | | Annual | | Monthly | | Not Applicable | | Not Applicable | |
| Coupon (% per annum) - (A) | 9.65% | | 9.80% | | 9.40% | | Not Applicable | | Not Applicable | |
| Additional Incentive on Coupon (% per annum) on Any Record Date - (B) | NCD Holders who are Individuals | NCD Holders who are Non Individuals | NCD Holders who are Individuals | NCD Holders who are Non Individuals | NCD Holders who are Individuals | NCD Holders who are Non Individuals | Not Applicable | | Not Applicable | |
| | 1.25% | Nil | 1.35% | Nil | 1.23% | Nil | | | | |
| Aggregate of Coupon and Additional Incentive on any Record Date (% per annum) = (A) + (B) | NCD Holders who are Individuals | NCD Holders who are Non Individuals | NCD Holders who are Individuals | NCD Holders who are Non Individuals | NCD Holders who are Individuals | NCD Holders who are Non Individuals | Not Applicable | | Not Applicable | |
| | 10.90% | 9.65% | 11.15% | 9.80% | 10.63% | 9.40% | | | | |
| Effective Yield (% per annum) on any Record Date | NCD Holders who are Individuals | NCD Holders who are Non Individuals | NCD Holders who are Individuals | NCD Holders who are Non Individuals | NCD Holders who are Individuals | NCD Holders who are Non Individuals | NCD Holders who are Individuals | NCD Holders who are Non Individuals | NCD Holders who are Individuals | NCD Holders who are Non Individuals |
| | 10.90% | 9.65% | 11.15% | 9.80% | 11.15% | 9.80% | 10.90% | 9.65% | 11.15% | 9.80% |
| Mode of Payment of Interest and/or Redemption of NCDs | Through Various options available | | Through Various options available | | Through Various options available | | Through Various options available | | Through Various options available | |
| Tenor | Thirty six months | | Sixty months | | Sixty months | | Thirty six months | | Sixty months | |
| Redemption Date | Thirty six months from the Deemed Date of Allotment. | | 50% redemption at the end of forty eight months and balance 50% at the end of sixty months from the Deemed Date of Allotment. | | Sixty months from the Deemed Date of Allotment. | | Thirty six months from the Deemed Date of Allotment. | | 50% redemption at the end of forty eight months and balance 50% at the end of sixty months from the Deemed Date of Allotment. | |
| Redemption Amount (₹./NCD) | Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date plus Additional Incentive as may be applicable for Individual NCD Holders | | Re-payment of 50% of the Face Value of the NCDs payable at the end of the 48 months and remaining 50% at the end of the 60 months from the Deemed Date of Allotment. The Face Value at each stage of redemption as detailed above, shall be payable together with any interest at the applicable Coupon which may have accrued on the date of such redemption plus Additional Incentive as may be applicable for Individual NCD Holders. | | Repayment of the Face Value plus any interest at the applicable Coupon that may have accrued at the Redemption Date plus Additional Incentive as may be applicable for Individual NCD Holders | | NCD Holders who are Individuals | NCD Holders who are Non Individuals | NCD Holders who are Individuals | NCD Holders who are Non Individuals |
| | | | | | | | ₹ 1,364.33 per NCD* | ₹ 1,318.67 per NCD* | ₹ 763.37 per NCD* at the end of the 48 months from the Deemed Date of Allotment and ₹ 848.48 per NCD* at the end of 60 months from the Deemed Date of Allotment | ₹ 726.93 per NCD* at the end of the 48 months from the Deemed Date of Allotment and ₹ 798.17 per NCD* at the end of 60 months from the Deemed Date of Allotment |

* subject to applicable tax deducted at source, if any.

Basis of Allotment

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

Grouping of Applications and Allocation Ratio: For the purposes of the basis of allotment:

- (a) Applications received from Applicants who are Institutional Investors: Applications received from Institutional Investors, shall be grouped together, ("Institutional Portion");
 - (b) Applications received from Applicants who are Non Institutional Investors: Applications received from Non Institutional Investors, shall be grouped together, ("Non Institutional Portion");
 - (c) Applications received from HNI Investors: Applications received from HNI Investors, shall be grouped together, ("HNI Portion"); and
 - (d) Applications received from Retail Individual Investors: Applications received from Retail Individual Investors, shall be grouped together, ("Retail Individual Portion");
- "Institutional Portion", Non-Institutional Portion" "HNI Portion" and "Retail Individual Portion" are individually referred to as "Portion" and collectively referred to as "Portions".
2. Allocations will be on a First Come First Serve Basis, with reservations as follows:
 - 50% - Retail Individual Investors
 - 30% - High Net-worth Individuals, ("HNIs")
 - 10% - Non Institutional Investors
 - 10% - Institutional Investors
 3. In case of oversubscription, allotments will be made in the following manner in each Portion:
 - 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.
 4. In case of 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):
 - Retail Individual Portion
 - HNI Portion
 - Non Institutional Portion
 - Institutional Portion

Option to Receive the NCDs in physical form:

Please also note all Series of NCDs except for Series III NCDs will be allotted in the dematerialized form and/or the physical form, at the option of the Applicant. However, Series III NCDs will be allotted compulsorily in the dematerialized form. In order to hold the NCDs in physical form, Applicants need to select the option in the application form and also need to provide the KYC documents as mentioned in the Prospectus or application form along with the application form.

However, trading of the NCDs shall be compulsorily in dematerialized form.

Company would allot Series V NCDs to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series of NCDs.

Annual Payment of Interest for Series I and Series II NCDs

Series I and Series II NCDs, the relevant interest will be paid on the first day of April every year for the amount outstanding. The first interest payment will be made on April 1, 2014 for the period commencing from the Deemed Date of Allotment till March 31, 2014. The last interest payment will be made at the time of redemption of the NCD on a pro rata basis.

Monthly Payment of Interest for Series III NCDs

For Series III NCDs, the first interest payment shall be made on the first day of September, 2013. The first interest payment shall be made from the Deemed Date of Allotment up to the August 31, 2013. The relevant interest accruing after August 31, 2013 will be paid on the first day of every following month for the amount outstanding. Interest payment will be made till the expiry of sixty months from the Deemed Date of Allotment. The last interest payment will be made at the time of redemption of the NCD on a pro rata basis.

Process of Making Applications

| Step | Description | Responsibility |
|------|--|--------------------|
| 1 | Investor submits a signed Application Form to I-Sec / Sub-Broker. | Investor |
| 2 | I-Sec / Sub-Broker needs to ensure that the Application Form has been completely filled in and the required backup / KYC documents are provided. I-Sec / Sub-Broker also needs to ensure that the Investor has used the Application Form of I-Sec as the Lead Broker. | I-Sec / Sub-Broker |
| 3 | I-Sec / Sub-Broker to provide acknowledgement slip to the Investor with proper date stamp | I-Sec / Sub-Broker |
| 4 | I-Sec / Sub-Broker to upload the applications in the online system of stock exchanges on the same day prior to 5:00 pm ^{##} . | I-Sec / Sub-Broker |
| 5 | <u>In case of ASBA Applications:</u> I-Sec / Sub-Broker to submit the Application Form to the SCSBs for further processing. <u>In case of Non-ASBA Applications:</u> I-Sec / Sub-Broker to submit the Application Form along with the cheque / demand draft to the escrow collection banks for fund transfer. | I-Sec / Sub-Broker |

Note: Allotment in the issue shall be made on first-come first-serve basis, based on the date of upload of each application on the electronic system of the stock exchanges. Sub consortium members are required to ensure that all applications received prior to 5:00 pm on a particular day are uploaded prior to 5:00 pm on the same day.

Kindly note that the Application Forms collected on a particular day need to be uploaded on the online system of stock exchanges on the same day prior to 5:00 pm, prior to submitting such Application Forms to the SCSBs or the Escrow Collection Banks. Applications submitted to Escrow Collection Banks without uploading on the online system of stock exchanges are liable to be rejected and such applicants shall not receive any allotment in the Issue. If any application is not uploaded on the online system of stock exchanges prior to 5:00 pm on a particular day, due to any delay in receiving the form from the Investors, such application may get submitted for the next day in the online system of stock exchange. I-Sec shall not be liable for any non allotment or lesser allotment due to such delay.

Due to limitation of time available for uploading Applications 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 pm (Indian Standard Time) 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 Issue. I-Sec shall not be liable for any non allotment or lesser allotment to such applicants.

For further details, please refer to the Prospectus dated July 5, 2013.