**IIFL Samasta Finance Limited**

**Tranche II Issue**

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Description automatically generated

*(Please scan this QR code to view the Abridged Prospectus)*

**Issue Related FAQs**

# Q1. What is the Tranche II Issue Size?

**Ans**: Base issue size of ₹ 200 crores with an option to retain oversubscription up to ₹ 800 crores aggregating up to ₹ 1,000 crores through Tranche II Issue which is within the shelf limit of Rs.2,000 crores (“Issue”)

# Q2. What are the Objects of the Tranche II Issue?

The following table details the objects of the Tranche II Issue (collectively, referred to herein as the “**Objects**”) and the amount proposed to be financed from Net Proceeds:

| **Sr. No.** | **Objects of the Tranche II Issue** | **Percentage of amount proposed to be financed from Net Proceeds** |
| --- | --- | --- |
| a. | For the purpose of onward lending, financing / refinancing the existing indebtedness of our Company, and/or debt servicing (payment of interest and/or repayment / prepayment of interest and principal of existing borrowings of our Company)\* | At least 75% |
| b. | General Corporate Purposes\*\* | Maximum up to 25% |
|  | **Total** | **100%** |

*\*Our Company will not utilise the proceeds of this Tranche II Issue towards payment of prepayment penalty, if any.*

*\*\*The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Tranche II Issue, in compliance with the SEBI NCS Regulations.*

# Q3. What is the credit rating for the NCDs?

**Ans:** The ratings of NCDs proposed to be issued under the terms of this Tranche II Prospectus have been revalidated to CRISIL AA-/Watch Developing (Continues on ‘Rating Watch with Developing Implications’) for an amount of ₹ 2,000 crore by CRISIL Ratings Limited vide their rating letter dated May 8, 2024 and ‘ACUITE AA | Rating Watch Negative Implications’ for an amount of ₹ 2,000 crore by Acuite Ratings & Research Limited vide their rating revalidation letter dated May 10, 2024. The rating by CRISIL Ratings Limited has been revised from CRISIL AA-/ Positive (Pronounced as CRISIL double A minus rating with Positive outlook) assigned vide their rating letter dated November 20, 2023 for an amount of ₹ 2,000 crore and the rating by Acuite Ratings & Research Limited has been revised from ‘Acuite AA Stable’ for an amount of ₹ 2,000 crore assigned by their rating letter dated October 6, 2023. Securities with these ratings are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk. However, the rating by CRISIL Ratings Limited continues to be under Rating Watch with Developing Implications which reflects an emerging situation, which may affect the credit profile of the related entity and the rating by Acuite Ratings and Research Limited is under watch with Negative Implications. The Rating Watch reflects an emerging situation, which may affect the credit profile of the related entity. Rating given by CRISIL Ratings Limited and Acuite Ratings & Research Limited is valid as on the date of this Tranche II Prospectus and shall remain valid on date of issue and allotment of NCDs and the listing of the NCDs on Stock Exchanges unless withdrawn. In case of any change in credit ratings till the listing of NCDs, our Company will inform the investors through public notices/ advertisements in all those newspapers in which pre issue advertisement has been given. The rating is not a recommendation to buy, sell or hold the rated instrument and investors should take their own decisions. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agencies have a right to suspend or withdraw the rating at any time on the basis of factors such as new information.

# Q4. What is the face value of this NCD?

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

# Q5. What is the frequency of interest payment?

**Ans:** NCDs are issued for 24 months, 36 months and 60 months of tenure with Monthly and Annual interest payments for each series of NCDs.

**Q6. What is the minimum application size for investment? Ans:** ₹ 10,000 (10 NCDs) across all Series collectively

# Q7. Is there any reservation for individual investor investing in this issue?

**Ans:** No portion of the Tranche II Issue has been reserved.

# Q8. Is demat account necessary to invest in these NCDs?

**Ans:** Yes. The Company shall issue the NCDs in dematerialized form in terms of Regulation 7 of the SEBI NCS Regulations.

# Q9. Who is not eligible to invest in the issue?

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

1. 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; It is further clarified that it is the responsibility of the Applicant to ensure that the guardians are competent to contract under applicable statutory/regulatory requirements);
2. 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;
3. Persons resident outside India and other foreign entities;
4. Foreign Institutional Investors;
5. Foreign Portfolio Investors;
6. Non Resident Indians;
7. Qualified Foreign Investors;
8. Overseas Corporate Bodies\*\*;
9. Foreign Venture Capital Investor; and
10. Persons ineligible to contract under applicable statutory/ regulatory requirements.

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

*\*\*The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Tranche II Issue.*

# Q10. 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 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. 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.

# Q11. Which stock exchange are the NCDs proposed to be listed on?

**Ans:** The NCDs are proposed to be listed on BSE Limited (**“BSE”**) & National Stock Exchange of India Limited (“**NSE”**). NSE shall be the Designated Stock Exchange for the Issue.

# Q12. What are the interest rates and benefits received under different categories?

# Ans:

1. **Monthly interest payment options**

* Interest would be paid monthly under Series I, III and V, wherein relevant interest will be calculated from the first day till the last date of every month during the tenor of such NCDs and paid on the first day of every subsequent month at the following rates of interest to all categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs. However, for the first interest payment for NCDs under Series I, III and V, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month. The last interest payment under monthly Series will be made at the time of redemption of NCDs. The last interest payment under monthly Series will be made at the time of redemption of NCDs.

|  |  |  |  |
| --- | --- | --- | --- |
| **Category of NCD Holders** | **Coupon (% per annum) for following Series** | | |
|  | I | III | V |
| All Categories | 9.20% | 9.57% | 10.03% |

Series I, III and V NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 24 months, 36 months and 60 months respectively from the Deemed Date of Allotment.

1. **Annual interest payment option**

* Interest would be paid annually under Series II, IV and VI on each anniversary of the Deemed Date of Allotment at the following rates of interest to all categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs.

|  |  |  |  |
| --- | --- | --- | --- |
| **Category of NCD Holders** | **Coupon (% per annum) for following Series** | | |
|  | II | IV | VI |
| All Categories | 9.60% | 10.00% | 10.50% |

# Q13. Who can invest in these NCDs? Ans:

|  |  |  |  |
| --- | --- | --- | --- |
| **Category I** | **Category II** | **Category III** | **Category IV** |
| **Institutional Investors** | **Non Institutional Investors** | **High Net-worth Individual, (“HNIs”),** | **Retail Individual Investors** |
| **Investors** |
| • Resident public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds and pension funds each with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Companies; • 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; and • Mutual funds registered with SEBI. | • Companies within the meaning of Section 2(20) of the Companies Act, 2013;  • Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment: which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms 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). • Association of Persons; and • Any other incorporated and/or unincorporated body of persons. | Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Tranche II Issue. | Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10,00,000 across all Options/ Series of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹5,00,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism. |

**Q14. What is the issue period and timing? Ans:**

|  |  |
| --- | --- |
| TRANCHE II ISSUE PROGRAMME\* | |
| TRANCHE II ISSUE OPENS ON | Monday, June 3, 2024 |
| TRANCHE II ISSUE CLOSES ON | Friday, June 14, 2024 |

*The Tranche II Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period as indicated in this Tranche II Prospectus. Our Company may, in consultation with the Lead Managers, consider closing the Tranche II Issue on such earlier date or extended date (subject to a minimum period of three working days and a maximum period of 10 working days from the date of opening of the Tranche II Issue and subject to not exceeding thirty days from filing the Tranche II Prospectus with ROC including any extensions), as may be decided by the Board of Directors of our Company or Issuance and Allotment Committee, subject to relevant approvals, in accordance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the Tranche II Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Tranche II Issue has been given on or before such earlier or initial date of Tranche II Issue closure. On the Tranche II Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time). on one Working Day post the Tranche II Issue Closing Date. For further details please refer to the section titled “General Information” on page 48 of the Tranche II Prospectus.*

*Application Forms for the Tranche II Issue shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, “****IST****”) (“****Bidding Period****”) during the Tranche II Issue Period as mentioned above by the (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Tranche II Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange(s). It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Tranche II Issue Closing Date.*

*Due to limitation of time available for uploading the Applications on the Tranche II Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Tranche II Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Tranche) on the Tranche II Issue Closing Date. All times mentioned in the Tranche II Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Tranche II Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time to upload.*

*Such Applications that cannot be uploaded will not be considered for allocation under the Tranche II Issue. Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. As per the SEBI Master Circular, the allotment in this Tranche II 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, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.*

# Q15. What are the terms and manner of payments?

**Ans:** The entire issue price of ₹ 1,000 per NCD is payable on application. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of the Shelf Prospectus and this Tranche II Prospectus.

**Manner of Payment of Interest / Refund**

The manner of payment of interest / refund / redemption in connection with the Secured NCDs is set out below:

The bank details will be obtained from the Depositories for payment of interest / refund / redemption as the case may be. Applicants who have applied for or are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of interest / refund / redemption amounts to the Applicant at the Applicant’s sole risk, and neither the Lead Managers our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same. In case of NCDs held in physical form, on account of re-materialisation, the bank details will be obtained from the documents submitted to the Company along with the re-materialisation request. For further details, please see “Terms of the Issue - Procedure for Re-materialisation of NCDs” on page 266 of the Tranche II Prospectus

# Q16. What are the documents/certificates that need to be filed along with the Application Form?

**Ans** Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

# Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 (“SEBI Mutual Funds Master Circular”), mutual funds are required to ensure that the total exposure of debt schemes (excluding investments in Bank CDs, triparty repo on Government securities or treasury bills, G-Secs, TBills, short term deposits of Scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Further, the additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs), which are rated AA and above and are registered with the National Housing Bank. Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio. However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (iii) a resolution authorising investment and containing operating instructions and (iv) specimen signatures of authorized signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

# Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks can apply in this Tranche II Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investment; and (v) a letter of authorisation.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

# Pursuant to SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

**Application by Insurance Companies**

Insurance companies registered with the IRDAI can apply in this Tranche II Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. The Application Form must be accompanied by certified true copies of their (i) certificate registered with IRDAI (ii) memorandum and articles of association/charter of constitution; (iii) power of attorney; (iv) resolution authorising investments/containing operating instructions; (v) specimen signatures of authorised signatories.

# Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

**Applications by Indian Alternative Investments Funds**

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 “**SEBI** **AIF** **Regulations**”) for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

# Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

**Application by Systemically Important Non-Banking Financial Companies**

# Systemically Important Non-Banking Financial Companies can apply in this Tranche II Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) their memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (iv) specimen signatures of authorised signatories.

# Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

**Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment**

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Tranche II 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. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

# Applications by Trusts

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 (i) certified copy of the 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. Further, any trusts applying for NCDs pursuant to this 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.

# Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

**Applications by Public Financial Institutions or statutory corporations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) any Act/ Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

# Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

**Applications made by companies, bodies corporate and societies registered under the applicable laws in India**

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

# Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

**Applications by Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs**

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant.

# Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

**Applications by 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**

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant.

# Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

**Applications under a power of attorney by limited companies, corporate bodies and registered societies**

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, 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 lodged along with the Application Form.

# Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form.

# Failing this our Company, in consultation with the Lead Managers, reserves the right to reject such Applications.

**Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Managers may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his or her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

# Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any act or rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory or regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund or trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

# Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

**Applications by National Investment Funds**

Application made by a National Investment Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons.

# Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

The Lead Managers and the Consortium Member and their respective associates and affiliates are permitted to subscribe in this Tranche II Issue.

# Q17. What is the basis of allotment? Ans: Basis of Allotment for NCDs

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 Allotment.

**Grouping of Applications and Allocation Ratio**

For the purposes of the basis of allotment:

* 1. *Applications received from Category I Applicants- Institutional Investors:* Applications received from Applicants belonging to Category I shall be grouped together, (“**Institutional Portion**”);
  2. *Applications received from Category II Applicants - Non-Institutional Investors:* Applications received from Applicants belonging to Category II, shall be grouped together, (“**Non-Institutional Portion**”).
  3. *Applications received from Category III Applicants- High Net-worth Individual Investors:* Applications received from Applicants belonging to Category III shall be grouped together, (“**High Net-worth Individual Category Portion**”).
  4. *Applications received from Category IV Applicants- Retail Individual Investors:* 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”**.

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in this Tranche II Issue up to the amount specified under this Tranche II Prospectus. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in this Tranche II Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the “**Overall Issue Size**”.

**Allocation Ratio**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **Institutional Portion** | **Non – Institutional Portion** | **High - Net Worth Individual Category Portion** | **Retail Individual Category Portion** |
| % of Tranche II Issue Size | 10% | 30% | 30% | 30% |
| Base Issue Size (₹ in crore) | 20.00 | 60.00 | 60.00 | 60.00 |
| Total Tranche II Issue Size (₹ in crore) | 100.00 | 300.00 | 300.00 | 300.00 |

1. **Allotments in the first instance:**
2. Applicants belonging to the Institutional Portion, in the first instance, will be allocated NCDs up to 10% of the Tranche II 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;
3. Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated NCDs up to 30% of the Tranche II 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;
4. Applicants belonging to the High Net Worth Individual Investors Portion, in the first instance, will be allocated NCDs up to 30% of Tranche II 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;
5. Applicants belonging to the Retail Individual Investors Portion, in the first instance, will be allocated NCDs up to 30% of Tranche II 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.

As per the SEBI Master Circular, in consultation with the Designated Stock Exchange, the allotment in this Tranche II Issue is required to be made on date priority basis, i.e., first come first serve basis, based on the date of upload of each application into the electronic book of the Stock Exchanges, in each portion subject to the Allocation Ratio indicated herein above. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

1. **Under Subscription :** If there is any under subscription in any Category, priority in Allotments will be given to the Retail Individual Investors Portion, High Net Worth Individual Investors Portion, and balance, if any, shall be first made to applicants of the Non Institutional Portion, followed by the Institutional Portion on a first come first serve basis. If there is under subscription in the Tranche II Issue Size due to undersubscription in each Portion, all valid Applications received till the end of last day of the Tranche II Issue Closure day shall be grouped together in each Portion and full and firm Allotments will be made to all valid Applications in each Portion.
2. For each Category, all Applications uploaded on the same day onto the electronic platform of the Stock Exchanges would be treated at par with each other. Allotment would be on proportionate basis, where NCDs uploaded into the platform of the Stock Exchanges exceeds NCDs to be Allotted for each portion respectively from the date of oversubscription and thereafter.
3. Minimum Allotments of 10 NCDs and in multiples of 1 NCD thereafter would be made in case of each valid Application to all Applicants.
4. **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 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 from the date of oversubscription and thereafter (based on the date of upload of each Application on the electronic platform of the Stock Exchanges, in each Portion).

For the purpose of clarity, in case of oversubscription please see the below indicative scenarios:

1. In case of an oversubscription in all Portions resulting in an oversubscription in Tranche II Issue Size, Allotments to the maximum permissible limit, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of the NCDs to the Applicants on a first come first serve basis up to the date falling 1 (one) day prior to the date of oversubscription to respective Portion and proportionate allotment of NCDs to the Applicants from the date of oversubscription and thereafter in respective Portion (based on the date of upload of each Application on the electronic platform of the Stock Exchanges in each Portion). The date of oversubscription for each category will be determined as per the bucket size based on the allocation ratio stated above not taking into account any spill overs due to undersubscription in other categories.
2. In case there is oversubscription in the Tranche II Issue Size, however there is under subscription in one or more Portion(s), Allotments will be made in the following order:
3. All valid Applications in the undersubscribed Portion(s) uploaded on the electronic platform of the Stock Exchanges till the end of the last day of the Tranche II Issue Period, shall receive full and firm allotment.
4. In case of Portion(s) that are oversubscribed, allotment shall be made to valid Applications received on a first come first serve basis, based on the date of upload of each Application in to the electronic platform of the Stock Exchanges. Priority for allocation of the remaining undersubscribed Portion(s) shall be given to day wise Applications received in the Retail Individual Investors Portion followed by High Net Worth Individual Investors Portion, next Non-Institutional Portion and lastly Institutional Portion each according to the day of upload of Applications to the Electronic Book with Stock Exchanges during the Tranche II Issue period.
5. For the sake of clarity, once full and firm allotment has been made to all the valid Applications in the undersubscribed portion, the remaining balance in the undersubscribed Portion will be Allocated to the oversubscribed Portion(s) and proportionate allotments shall be made to all valid Applications in the oversubscribed Portion(s) uploaded on the date of oversubscription and thereafter on the remaining days of the Tranche II Issue Period.
6. **Proportionate Allotments:**

For each Portion, from the date of oversubscription and thereafter:

1. Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.
2. If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Tranche II 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.
3. In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

**Applicant applying for more than one Series of NCDs**

If an Applicant has applied for more than one Series of NCDs and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Series-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Series, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with the Lead Managers and the Designated Stock Exchange. Further, in the aforesaid scenario, wherein the Applicant has applied for all the six Series and in case such Applicant cannot be allotted all the six Series, then the Applicant would be allotted NCDs, at the discretion of the Company, the Registrar and the Lead Manager wherein the NCDs with the least tenor i.e. Allotment of NCDs with tenor of 24 months followed by Allotment of NCDs with tenor of 36 months and 60 months.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Tranche II Issue shall be taken by our Company in consultation with the Lead Managers, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Tranche II Prospectus. Any other queries / issues in connection with the Applications will be appropriately dealt with and decided upon by our Company in consultation with the Lead Managers.

Our Company would allot Series III to all valid applications, wherein the applicants have not indicated their choice of the relevant series of the NCDs*.*

**Unblocking of funds**

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within the applicable regulatory timelines.

**Issuance of Allotment Advice**

Our Company shall ensure dispatch of Allotment Advice as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities and approvals for the commencement of trading at the Stock Exchanges where the NCDs are proposed to be listed are taken within six Working Days from the Tranche II Issue Closing Date.

Allotment Advices shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Tranche II Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be unblocked in the ASBA Accounts of the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent. per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

# Q18. Can an applicant make revisions to his/her application?

**Ans:** Pursuant to 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. However, 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 or modify their Application details during the Tranche II Issue Period, as allowed or permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary, 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 in accordance with 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 Tranche II Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries will be given up to one Working Day (till 1:00 PM) after the Tranche II Issue Closing Date to modify or verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

# Q19. What is the tax treatment of these NCDs? Ans:

1. **TO RESIDENT DEBENTURE HOLDERS (RESIDENT AS DEFINED UNDER SECTION 6 OF THE INCOME TAX ACT, 1961)**
2. In respect of Interest on Debentures (NCD)
3. Interest on NCD received by Debenture Holders would be subject to income tax at the normal rates of tax in accordance with and subject to the provisions of the Income Tax Act, 1961 (Refer Note 1 below). Interest will be assessed to Income tax on receipt basis or mercantile basis (accrual basis) depending on the method of accounting regularly employed by the NCD holder under Section 145 of the Income Tax Act, 1961.

Income Tax is deductible at source at the rate of 10% on interest on debentures held by resident Indians as per the provisions of Section 193 of the IT Act

1. Further, Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:
2. 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 IT Act; and that a valid certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest;
3. 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 IT 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 IT 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 financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;
4. 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 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 the estimated total income of the year concerned will be NIL; and
5. In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. Please find below the class of resident investors and respective documents that would be required for granting TDS exemption:

| **Sl. No.** | **Class of Investors** | **Relevant section which grants TDS exemption** | **Documents to be taken on record from Investors** |
| --- | --- | --- | --- |
|  | Residential individual or resident HUF | Claiming non-deduction or lower deduction of tax at source under section 197 of the IT Act. | Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either:  Provide a declaration (in duplicate) in the Forms prescribed viz.:   * Form 15H which can be given by individuals who are of the age of 60 years or more * Form 15G which can be given by all applicants (other than companies, and firms), or * A certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e., Form No.13. |
|  | Non-residents- (Other than FIIs/FPIs) | For Non-deduction or lower deduction of tax at source u/s 195 of the IT Act | A certificate under section 197 of the IT Act from the Indian Assessing Officer for nil / lower deduction of tax at source by making an application in the prescribed form (i.e. Form No.13.) |
|  | Life insurance Corporation of India | Clause vi of Proviso to Section 193 | Copy of Registration Certificate |
|  | 1. General Insurance Corporation of India, 2. Companies formed undersection 16(1) of GeneralInsurance Business Act, 1972 and, 3. any company in which GIC and aforesaid 4 companies has full beneficial interest (100% shareholding) | Clause vii of Proviso to Section 193 | 1. Copy of Registration Certificate 2. Copy of shareholding pattern |
|  | Any Insurer  other than mentioned above in **Sr No. 3 and 4**  (like SBI Life Insurance, Max Life Insurance etc.) | Clause viii of Proviso to Section 193 | Copy of Registration certificate issued by IRDA |
|  | Mutual Funds | Section 196(iv) read with Section 10(23D) | Copy of Registration certificate issued by SEBI / RBI and notification issued by Central Government.  Declaration from the Mutual Fund with respect to income being exempt u/s 10(23D) of the IT Act. |
|  | Government, RBI and corporation established under Central / State Act whose income is exempt from tax | Section 196(i),(ii) and (iii) | In case of Corporation,  Documentary evidence to establish that Corporation is established under Central / State Act, and  Declaration that their income is exempt from tax with applicable provisions |
|  | Recognized Provident Funds, Recognized Gratuity Funds, Approved Superannuation Funds, Employees’ State Insurance Fund etc. | Section 10(25) and Section 10(25A) and CBDT Circular - 18/2017 | Copy of Registration and Recognition certificate issued by relevant statutory authorities and income-tax authorities and Declaration from the funds that there income is exempt u/s 10(25) and 10(25A) |
|  | New Pension System Trust | Section 10(44) read with Section 196(iii) and CBDT Circular - 18/2017 | Relevant Registration certificate issued to NPS Trust under section Indian Trusts Act, 1882  Declaration from the trust with respect to income being exempt u/s 10(44) of the IT Act |
|  | Other entities like Local authority, Regimental Funds, IRDA etc. | Section 10(20) etc. read with CBDT Circular - 18/2017 | Relevant Registration certificate  Declaration that they fall within the relevant income-tax section and eligible for income-tax exemption on their income |
|  | Alternative Investment Funds (Category I and II) | Section 197A(1F) | Copy of Registration certificate issued by SEBI |

1. In respect of Capital Gains
2. *Long Term Capital Gains*

Under Section 2(29AA) read with section 2(42A) of the IT Act, listed Debentures held as Capital Asset as defined under section 2(14) of the IT Act is treated as long term capital asset if it is held for more than 12 Months. Debentures held as capital asset for a period of 12 Months or less will be treated as short term capital asset.

Long Term Capital Gain will be chargeable to tax under Section 112 of the IT Act at the rate of 20% (plus applicable surcharge and education cess). However, in the case of listed debentures, as per first proviso to section 112(1) of the IT Act, tax payable is only 10% (plus applicable surcharge and education cess). No indexation benefit is available for debentures. Hence, the tax payable on long term capital gains on transfer of NCD will be 10%(plus applicable surcharge and education cess) and the capital gains have to be computed without indexation.

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.

1. *Short Term Capital Gains*

Listed Debentures held as capital asset under Section 2(14) of the IT Act for a period of not more than 12 months would be treated as Short term capital asset under Section 2(42A) of the IT Act. Short Term Capital Gains on transfer of NCD will be taxed at the normal rates of tax. As per Section 74 of the IT Act, short-term capital loss on transfer of 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 set-off against subsequent year’s long-term capital gains.th the provisions of the IT Act. The provisions relating to maximum amount not chargeable to tax would apply to short term capital gains.

1. *Capital Loss on transfer of Debentures*

As per Section 74 of the IT Act, short-term capital loss on transfer of 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 set-off against subsequent year’s long-term capital gains.

1. *Exemption available for Individuals and HUF for Long Term Capital gains U/s 54F of the IT Act*

As per the provisions of Section 54F of the IT Act, any long-term capital gains on transfer of a long term capital asset arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house in India, or for construction of residential house in India within three years from the date of transfer subject to conditions. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the conditions stated therein.

Under section 54EE of the IT Act, long term capital gains arising to the Debenture Holder(s) on transfer of debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in long term specified asset (a unit or units issued before 01.04.2019) as notified by Central Government within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of INR 50 lacs during any financial year in the notified bonds. Where the benefit of Section 54EE of the IT Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

As per provisions of section 54EE of the IT Act, capital gain on the transfer of a long-term capital asset, arising to a debenture holder is exempt from tax, if the assessee / debenture holder invested the whole or any part of capital gains in the long-term specified asset at any time within a period of six months. If the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the investment in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees: If the long term specified asset in which the investment has been made is transferred within a period of three years from the date of its acquisition, the amount of capital gains tax claimed earlier would became chargeable to tax as capital gains in the year in which such long term specified asset is transferred. Specified Asset means a unit or units, issued before the 1st day of April, 2019, of such fund as may be notified by the Central Government in this behalf.

1. In respect of Business Income

In case the Debentures are held as stock in trade by the debenture holder, the income/loss from transfer of debentures would be taxed as Income from Business. Such income is to be computed in accordance with the Income Computation and Disclosure Standard VIII, which is notified by the Ministry of Finance, Government of India under Section 145(2) of the IT Act. Where debentures are held as stock in trade and unpaid interest has accrued before acquisition of Debentures and is included in the price paid for the Debentures, subsequent receipt of interest is to be allocated between pre-acquisition and post-acquisition periods, the pre-acquisition portion of the interest is reduced from the actual cost and is to be treated as interest. In the case of Debentures held by Scheduled Bank and Public Financial Institutions, income is to be recognized in accordance with the guidelines issued by the Reserve Bank of India in this regard.

1. Debentures received as gift without consideration or inadequate consideration

As per section 56(2)(x) of the IT Act, except in cases which are specifically exempted under this clause (such as gift received from relative as defined under the section), where the debentures are received without consideration where the aggregate market value of all gifts received exceeds Rs. 50,000 the aggregate market value of the debentures shall be taxable as income in the hands of the recipient. Similarly, if debentures are received for inadequate consideration, the shortfall in the consideration will be treated as income of the recipient subject to the provisions contained in section 56(2)(x) of the IT Act. There is no gift tax for the Donor of the Debentures.

1. **TO THE NON-RESIDENT DEBENTURE HOLDERS**
2. A Non – Resident Indian has an option to be governed by Chapter XII – A of the IT Act, subject to the provisions contained therein which are given in brief as under:
3. As per Section 115E of the IT Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
4. As per Section 115G of the IT Act, it shall not be necessary for a non-resident Indian to file a return of income under Section 139(1) of the IT Act, if his total income consists only of investment income as defined under Section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII- B of the IT Act in accordance with and subject to the provisions contained therein.
5. As per Section 115D (1) of the IT Act no deduction in respect of any expenditure or allowance shall be allowed under any provisions of the IT Act in the computation of income of a non-resident Indian under Chapter XII – A of the IT Act.
6. In accordance with and subject to the provisions of Section 115-I of the IT Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII – A of the IT Act.
7. Long Term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
8. Interest income and Short – term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the IT Act.
9. Where 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 IT Act.
10. Under Section 195 of the IT Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per Section 115E, and 30% for Short Term Capital Gains if the payee debenture Holder is a Non-Resident Indian.
11. The income tax deducted shall be increased by applicable surcharge and health and education cess.
12. As per Section 90(2) of the IT Act read with the Circular No. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate (TRC), is a mandatory condition for availing benefits under any DTAA. If the tax residency certificate does not contain the prescribed particulars as per CBDT Notification 57/2013 dated August 1, 2013, a self-declaration in Form 10F would need to be provided by the assessee along with TRC.
13. Alternatively, to avail non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under Section 195(2) and 195(3) of the IT Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest.
14. As per Section 74 of the IT Act, short-term capital loss on transfer of 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 set-off against subsequent year’s long-term capital gains.
15. In case the Debentures are held as stock in trade by the debenture holder, the income/loss from transfer of debentures would be taxed as Income from Business. Such income is to be computed in accordance with the Income Computation and Disclosure Standard VIII which is notified by the Ministry of Finance, Government of India under Section 145(2) of the IT Act. Where debentures are held as stock in trade and unpaid interest has accrued before acquisition of Debentures and is included in the price paid for the Debentures, subsequent receipt of interest is to be allocated between pre-acquisition and post-acquisition periods, the pre-acquisition portion of the interest is reduced from the actual cost and is to be treated as interest. In the case of Debentures held by Scheduled Bank, income is to be recognized in accordance with the guidelines issued by the Reserve Bank of India in this regard.
16. As per section 56(2)(x) of the IT Act, except in cases which are specifically exempted under this clause (such as gift received from relative as defined under the section), where the debentures are received without consideration where the aggregate market value of all gifts received exceeds Rs. 50,000 the aggregate market value of the debentures shall be taxable as income in the hands of the recipient. Similarly, if debentures are received for inadequate consideration, the shortfall in the consideration will be treated as income of the recipient subject to the provisions contained in section 56(2)(x) of the IT Act. There is no gift tax for the Donor of the Debentures.
17. As per the provisions of Section 54F of the IT Act, any long-term capital gains on transfer of a long term capital asset arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house in India, or for construction of residential house in India within three years from the date of transfer subject to conditions. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the conditions stated therein.
18. **TO THE FOREIGN INSTITUTIONAL INVESTORS/ FOREIGN PORTFOLIO INVESTORS (FIIs/ FPIs)**
19. As per Section 2(14)(b) of the IT Act, any securities held by FIIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs as capital gains.
20. In accordance with and subject to the provisions of Section 115AD of the IT Act, long term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of Section 48 of the IT Act will not apply.
21. Interest on NCD may be eligible for concessional tax rate of 5% (plus applicable surcharge and health and education cess) for interest referred under Section 194LD.
22. Further, in case where section 194LD is not applicable, the interest income earned by FIIs/FPIs should be chargeable to tax at the rate of 20% under section 115AD of the IT Act. Tax shall be deducted u/s. 196D of the IT Act on such income at 20%. Where DTAA is applicable to the payee, the rate of tax deduction shall be lower of rate as per DTAA or 20%, subject to the conditions prescribed therein.
23. Section 194LD in the IT Act provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian Company to FIIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian Company between June 1, 2013 and July 1, 2023 provided such rate does not exceed the rate as may be notified by the Government.
24. The income tax deducted shall be increased by applicable surcharge and health and education cess.
25. In accordance with and subject to the provisions of Section 196D(2) of the IT Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs referred to in section 115AD.
26. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the IT Act.
27. **TO MUTUAL FUNDS**

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10 (23D) of the IT Act in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the IT Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the IT Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

1. **TO SPECIFIED FUNDS (“SPECIFIED FUND” AS DEFINED UNDER SECTION 10(4D) OF THE IT ACT)**

The income of Specified Funds is taxable for the year beginning April 1, 2020, to the extent attributable to units held by non-resident (not being a permanent establishment of a non-resident in India), and in accordance with and subject to the provisions of Section 115AD of the IT Act, as under:

1. The interest income earned are chargeable to tax at the rate of 10%;
2. Long term capital gains on transfer of debentures to the specified extent are taxable at 10% (benefit of provisions of the first proviso of section 48 of the IT Act will not apply); and
3. Short-term capital gains are taxable at 30%.

Further, where any income in respect of NCD is payable to Specified Funds, tax shall be deducted at the rate of 10% on the income other than exempt under section 10(4D) with effect from November 1, 2020 as per Section 196D of the IT Act.

The income tax deducted shall be increased by applicable surcharge and health and education cess.

1. **REQUIREMENTS TO FURNISH PAN/FILING OF RETURNS UNDER THE INCOME TAX ACT, 1961**
2. SEC. 139A (5A)

Section 139A (5A) requires every person from whom income tax has been deducted at source under chapter XVII – B of the IT Act to furnish his PAN to the person responsible for deduction of tax at source.

1. SEC. 206AA
2. Section 206AA of the IT Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB (“DEDUCTEE”) to furnish his PAN to the Deductor, failing which tax shall be deducted at the higher of the following rates:
3. at the rate specified in the relevant provision of the IT Act; or
4. at the rate or rates in force; or
5. at the rate of twenty per cent.
6. A declaration under Section 197A (1) or 197A (1A) or 197A (1C) shall not be valid unless the person furnishes his PAN in such declaration and the Deductor is required to deduct tax as per Para (a) above in such a case.
7. Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply.
8. As per Rule 37BC, the higher rate under section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of payment of interest, if the non-resident Deductee furnishes the prescribed details *inter alia* TRC and Tax Identification Number (TIN).
9. SEC. 206AB

Further, the Finance Act, 2021 inserted new section for punitive withholding tax rate for non-filers of return of income with effect from 1 July 2021 as per which payments made to the specified persons will be subject to TDS at higher of twice the applicable rate or 5% in respect of all TDS/TCS provisions except for specific exclusions.

**Note 1 Tax Rates**

**Resident Individuals and Hindu Undivided Families:**

The FA, 2023 has amended section 115BAC of the IT Act by, inter alia, inserting sub-section (1A) thereto to provide that the tax regime provided under section 115BAC of the IT Act shall be the default tax regime applicable in case of an individual, HUF, AOP (other than a co-operative society), body of individual or artificial juridical, beginning with the financial year 2023-24, except where the assessee specifically opts to be governed by the erstwhile regime.

In such cases, the following shall be the rate of tax applicable:

|  |  |
| --- | --- |
| **Slab** | **Tax Rate** |
| Total income up to INR 3,00,000 | Nil |
| More than INR 3,00,000 but up to INR 6,00,000 | 5 per cent of excess over INR 3,00,000 |
| More than INR 6,00,000 but up to INR 9,00,000 | 10 per cent of excess over INR 6,00,000 + INR 15,000 |
| More than INR 9,00,000 but up to INR 12,00,000 | 15 per cent of excess over INR 9,00,000 + INR 45,000 |
| More than INR 12,00,000 but up to INR 15,00,000 | 20 per cent of excess over INR 12,00,000 + INR 90,000 |
| More than INR 15,00,000 | 30 per cent of excess over INR 15,00,000 + INR 1,50,000 |

In computing the income-tax under the new regime, certain deductions like standard deduction available to salaried taxpayers, etc., shall be allowed. However, most of the deductions/exemptions such as section 80C, 80D, etc. would need to be foregone.

A resident individual (whose total income does not exceed Rs 7,00,000) whose income is chargeable to tax under sub-section (1A) of section 115BAC can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 25,000, whichever is less. Further, where the total income exceeds Rs 7,00,000, the assessee shall be entitled for deduction of an amount equal to the amount by which the income-tax payable on the total income exceeds the amount by which the total income exceeds Rs 7,00,000.

Where the assessee as stated above, specifically opts to be governed by the erstwhile regime, the income earned by assessee should be liable to tax as per the applicable slab rates (plus applicable surcharge and health and education cess) based on the taxable income of such assessee. The slab rates applicable to such investors (other than resident individuals aged 60 years or more) are as follows:

|  |  |
| --- | --- |
| **Income** | **Tax Rate\*** |
| Up to INR 2,50,000# | NIL |
| Exceeding INR 2,50,000 up to INR 5,00,000@ | 5 per cent of the amount by which the total income exceeds INR 2,50,000 |
| Exceeding INR 5,00,000 up to INR 10,00,000 | 20 per cent of the amount by which the total income exceeds INR 5,00,000 plus INR 12,500$ |
| Exceeding INR 10,00,000 | 30 per cent of the amount by which the total income exceeds INR 10,00,000 plus INR 112,500$ |

***@****A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.*

***\**** *plus surcharge if applicable and a health and education cess ('cess') of 4 per cent on the amount of tax plus surcharge, if applicable).*

***#*** *for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 250,000 has to be read as Rs 300,000 and for resident senior citizens of eighty years of age and above (“super senior citizen) Rs 250,000’ has to be read as Rs 500,000.*

***$****Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 12,500 has to be read as Rs 10,000 and Rs 112,500 has to be read as Rs 110,000. And for super senior citizen Rs 12,500 has to be read as Nil and Rs 112,500 has to be read as Rs 100,000.*

**Partnership Firms & LLP’s:**

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

**Domestic Companies:**

| **Type of Domestic company** | **Base normal tax rate on income (other than income chargeable at special rates)** | **Base MAT rate** |
| --- | --- | --- |
| Domestic companies having turnover or gross receipts of upto Rs 400 Cr in FY 2020-21 (For AY 2023-24) and in FY 2021-22 (For AY 2024-25) | 25 per cent | 15 per cent |
| Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA) | 25 per cent | 15 per cent |
| Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA) | 22 per cent | Not applicable |
| Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing upto 31 March 2024, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB) | 15 per cent | Not applicable |
| Domestic companies not falling under any of the above category | 30 per cent | 15 per cent |

**Note 2: Surcharge (as applicable to the tax charged on income)**

**Non-corporate assessees (other than firm, co-operative societies and FIIs)**

| **Particulars** | **Rate of Surcharge** |
| --- | --- |
| Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) does not exceed Rs 50 lacs | Nil |
| Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore | 10 per cent on total tax |
| Where total income (including dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore | 15 per cent on total tax |
| Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and 112 of the IT Act) does not exceed Rs 2 crore but total income (including dividend income and income under the provisions of section 111A, section 112A and 112 of the IT Act) exceeds Rs 2 crore | 15 per cent on total tax The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long term gains chargeable to tax under section 112 of the IT Act. |
| Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 2 crore | 25 per cent on tax on income excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act. In case the assessee opts out of Sec 115BAC then the rate of surcharge applicable is 37 percent. - 15 per cent on tax on dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act.  The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long term gains chargeable to tax under section 112 of the IT Act as well. |

***Note****: The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act as well.*

*As per the FA, 2023, the maximum surcharge rate in case of capital gains chargeable to tax under section 112 of the IT Act, in case of an assessee being an individual, HUF, AOP (not being a co-operative society), BOI or artificial juridical person is also capped to 15%.*

**FIIs (Non – corporate):**

|  |  |
| --- | --- |
| **Particulars** | **Rate of Surcharge** |
| Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 50 lacs | Nil |
| Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore | 10 per cent on total tax |
| Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore | 15 per cent on total tax |
| Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 2 crore but total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore | 15 per cent on total tax |
| Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore | - 25 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act. In case the assessee opts out of Sec 115BAC then the rate of surcharge applicable is 37 percent. - 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act |

*Note: The FA, 2023 has capped the highest surcharge rate to 25 per cent.*

**For assesses other than those covered above:**

|  |  |
| --- | --- |
| **Particulars** | **Rate of surcharge applicable** |
| Non-corporate taxpayers being firms and co-operative societies | Nil where total income does not exceed Rs 1 crore |
| From FY 2022-23 7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore |
| From FY 2022-23 12 per cent where total income exceeds Rs 10 crore |
| Domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the IT Act) | Nil where total income does not exceed Rs 1 crore |
| 7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore |
| 12 per cent where total income exceeds Rs 10 crore |
| Domestic companies availing benefit under section 115BAA and section 115BAB of the IT Act | 10 per cent (irrespective of total income) |
| Foreign Companies (including corporate FIIs) | Nil where total income does not exceed Rs 1 crore |
| 2 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore |
| 5 per cent where total income exceeds Rs 10 crore |

**A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.**

Notes:

* The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of NCD.
* The above statement covers only certain relevant direct tax law benefits and does not cover benefit under any other law.
* The above statement of possible tax benefits is as per the current direct tax laws (read along with the amendments made by the FA, 2023) relevant for the AY 2024-25 corresponding to the FY 2023-24.
* This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the NCD of the Company.
* In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
* No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

**NOTES FORMING PART OF STATEMENT OF TAX BENEFITS**

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debenture/bonds.
2. The above statement covers only certain relevant benefits under the IT Act and does not cover benefits under any other law.
3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2024-2025 (Financial year 2023-24) and taking into account the amendments made by the Finance Act, 2023.
4. This statement is intended only to provide general information to Debenture Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each debenture Holder is advised to consult his/her/its own tax advisor with respect to specific consequences of his/her/its holding in the debentures of the Company.
5. Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to Chapter X and Chapter XA of the IT Act.
6. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.
8. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic tax law.

No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

# Q20. Can NRI Apply in this Issue?

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

# Q21. Which is the Public Issue Account Bank, Refund Bank and Sponsor Bank?

**Ans. HDFC Bank Limited** is the Public Issue Account Bank, Refund Bank and Sponsor Bank for the Tranche II Issue.

# Q22. When are the NCDs are proposed to be listed?

**Ans.** The NCDs are proposed to be listed on BSE & NSE. The NCDs shall be listed within six Working Days from the date of Tranche II Issue Closing Date.

# Q23. What are the Grounds of Rejection of Application?

**Ans.** As set out below or if all required information is not provided or the Application Form is incomplete in any respect, the Board of Directors and/or any committee of our Company reserves it’s full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

**Application may be rejected on one or more technical grounds, including but not restricted to:**

* Applications submitted without blocking of the entire Application Amount. However, the Company may allot bonds up to the value of Application monies paid, if such Application monies exceed the minimum Application size as prescribed hereunder;
* In case of partnership firms, the Application Forms submitted in the name of individual partners and/or accompanied by the individual’s PAN rather than the PAN of the partnership firm;
* Applications by persons not competent to contract under the Indian Contract Act, 1872;
* GIR number furnished instead of PAN;
* Applications by OCBs;
* Applications for an amount below the minimum Application size;
* Applications providing details of an inoperative demat account;
* Applications of more than five ASBA forms per ASBA Account;
* In case of ASBA Applicants, payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;
* UPI Mandate request is not approved by the investor within the prescribed timelines;
* In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
* Applications accompanied by Stock invest/ money order/postal order/cash;
* Signature of sole Applicant missing, or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
* In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
* With respect to ASBA Applications including UPI applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
* Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
* Applications not uploaded on the terminals of the stock exchange(s);
* Applications uploaded after the expiry of the allocated time on the Tranche II Issue Closing Date, unless extended by the stock exchange(s), as applicable;
* Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Shelf Prospectus and this Tranche II Prospectus and as per the instructions in the Application Form;
* Applications by Applicants whose demat accounts have been ‘suspended for credit’ pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/ MRD/DP/22/2010;
* Applications tendered to the Trading Members of the stock exchange(s) at centers other than the centers mentioned in the Application Form;
* SCSB making an ASBA Application(a) through an ASBA Account maintained with its own self or (b) through an ASBA account maintained through a different SCSB not in its own name, or (c) through an ASBA Account maintained through a different SCSB in its own name, which ASBA Account is not utilized for the purpose of applying in public issue.
* Application Amount paid being higher than the value of Bonds applied for. However, the Company may allot Bonds up to the number of Bonds applied for, if the value of such Bonds applied for, exceeds the Minimum Application Size;
* Application Amounts paid not tallying with the number of Bonds applied for;
* Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
* Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
* In case of ASBA Applicants, payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process.

# Q24. What are the methods of making application?

**Ans:** In terms of the SEBI Master Circular an eligible investor desirous of applying in this Tranche II Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the SEBI Master Circular, SEBI has mandated issuers to provide, through a recognized Stock Exchanges which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“Direct Online Application Mechanism”). In this regard, SEBI has, through the SEBI Master Circular, directed recognized Stock Exchanges in India to put in necessary systems and infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism. The Direct Online Application facility will be available for this Tranche II Issue as per mechanism provided in the SEBI Master Circular

All Applicants shall mandatorily apply in this Tranche II Issue through the ASBA process only. Applicants intending to subscribe in this Tranche II Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchanges and submit these Application Forms with the SCSB (except Application Form from RIBs using the UPI Mechanism) with whom the relevant ASBA Accounts are maintained.

For RIBs using UPI Mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. Further, the Application may also be submitted through the app or web interface developed by Stock Exchanges wherein the Application is automatically uploaded onto the Stock Exchanges bidding platform and the amount is blocked using the UPI mechanism, as applicable.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Tranche II Issue should be made by Applicants directly to the relevant Stock Exchanges.

In terms of the SEBI Master Circular, an eligible investor desirous of applying in this Tranche II Issue can make Applications through the following modes:

1. *Self-Certified Syndicate Bank (SCSB) or intermediaries (i.e. Consortium members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)*
   * + - 1. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for makingpayment, physically at the branch of a SCSB, i.e. investor’s bank. For such applications, the existing process of uploading of bid on the Stock Exchanges bidding platform and blocking of funds in investors account by the SCSB would continue.
         2. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchanges bidding platform and forward the application form to a branch of a SCSB for blocking of funds.
         3. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹5 Lakh or less. The intermediary shall upload the bid on the Stock Exchanges bidding platform. The application amount would be blocked through the UPI mechanism in this case.
2. *Through Stock Exchanges*
3. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchanges (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchanges bidding platform and the amount is blocked using the UPI Mechanism.
4. The Stock Exchanges have extended their web-based platforms i.e. ‘BSE Direct’ or ‘NSE goBID’ to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 5 Lakh. To place bid through ‘BSEDirect’ or ‘NSE goBID’ platform / mobile app the eligible investor is required to register himself/ herself with ‘BSE Direct’, ‘NSE goBID’
5. An investor may use the following links to access the web-based interface developed by the Stock Exchanges to bid using the UPI Mechanism: BSE: https://www.bsedirect.com and NSE: https://eipo.nseindia.com/.
6. The BSE Direct or ‘NSE goBID’application can be downloaded from play store in android phones. Kindly search for ‘BSEdirect’ or ‘NSE goBID’on Google Playstore for downloading mobile applications.
7. To further clarify the submission of bids through the App or web interface, BSE has issued operational guidelines and circulars dated December 28, 2020 and May 19, 2022 available at https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61. Similar circulars by NSE can be found here: https://www1.nseindia.com/content/circulars/IPO46907.zip x https://www1.nseindia.com/content/circulars/IPO46867.zipFurther, NSE has allowed its ‘GoBid’ mobile application which is currently available for placing bids for non-competitive bidding shall also be available for applications of public issues of debt securities.

For further details, please refer to *‘Issue procedure’* on page 279 of the Tranche II Prospectus.

**Q25**. What is the process for investor application submitted with UPI as mode of payment?

* 1. Ans: Before submission of the application form with the Designated Intermediary, the Retail Individual Investor shall download the mobile app for UPI and create a UPI ID (xyz@bankname) of not more than 45 characters with its bank and link it to his/ her bank account where the funds equivalent to the application amount is available.
  2. The Retail Individual Investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the Stock Exchanges App/ Web interface.
  3. The Designated Intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the Stock Exchanges bidding platform using appropriate protocols.
  4. Once the bid has been entered in the bidding platform, the Stock Exchanges shall undertake validation of the PAN and Demat account combination details of investor with the depository.
  5. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to Stock Exchanges which would be shared by the Stock Exchanges with the Designated Intermediaries through its platform, for corrections, if any.
  6. Once the bid details are uploaded on the Stock Exchanges platform, the Stock Exchanges shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next Working Day.
  7. Post undertaking validation with the Depository, the Stock Exchanges shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the Company.
  8. The Sponsor Bank shall initiate a mandate request on the investor i.e. request the investor to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.
  9. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.
  10. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the bid details submitted by such investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by the Sponsor Bank would be a one-time mandate for each application in the Tranche II Issue.
  11. The investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the Stock Exchanges platform except for the last day of the Tranche II Issue period or any other modified closure date of the Tranche II Issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next Working Day.
  12. The investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.
  13. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 (T being the Tranche II Issue Closing Date) modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 (T being the Tranche II Issue Closing Date) day till 1 pm.
  14. The facility of Re-initiation/ Resending the UPI mandate shall be available only till 5 pm on the day of bidding.
  15. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors’ bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.
  16. The information containing status of block request (e.g., accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchanges. The block request status would also be displayed on the Stock Exchanges platform for information of the intermediary.
  17. The information received from Sponsor Bank, would be shared by Stock Exchanges with the Registrar to the Issue in the form of a file for the purpose of reconciliation.
  18. Post closure of the Issue, the Stock Exchanges shall share the bid details with the Registrar to the Issue. Further, the Stock Exchanges shall also provide the Registrar to the Issue, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.
  19. The allotment of debt securities shall be done as per SEBI Master Circular.
  20. The RTA, based on information of bidding and blocking received from the Stock Exchanges, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.
  21. Upon approval of the basis of allotment, the RTA shall share the ‘debit’ file with Sponsor bank (through Stock Exchanges) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor’s account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor’s bank account, whereupon funds will be transferred from investor’s account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.
  22. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor’s account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.
  23. Thereafter, Stock Exchanges will issue the listing and trading approval.
  24. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 and May 19, 2022 the investor shall also be responsible for the following:

1. Investor shall check the Issue details before placing desired bids;
2. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;
3. The receipt of the SMS for mandate acceptance is dependent upon the system response/integration of UPI on Debt Public Issue System;
4. Investor shall accept the UPI Mandate Requests within the stipulated timeline;
5. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor’s bank;
6. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and
7. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.
   1. Further, in accordance with circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 5, 2021 the investor shall also be responsible for the following:
8. After successful registration & log-in, the investors shall view and check the active Debt IPO’s available from IPO dashboard.
9. Investors shall check the issue/series details. Existing registered users of NSE goBID shall also be able to access once they accept the updated terms and condition.
10. After successfully bidding on the platform, investors shall check the NSE goBID app/psp/sms for receipt of mandate & take necessary action.
11. UPI mandate can be accepted latest by 5:00pm on the third working day from the day of bidding on the stock exchanges platform except for the last day of the Tranche II Issue Period or any other modified closure date of the Tranche II Issue Period in which case, he / she is required to accept the UPI mandate latest by 5:00pm the next working day.
12. For UPI bid the facility of re-initiation/ resending the UPI mandate shall be available only till 5 pm on the day of bidding.

Investors can use the re-initiation/ resending facility only once in case of any issue in receipt/acceptance of mandate.

For further details please refer to Shelf Prospectus dated November 23, 2023 read with Addendum to Shelf Prospectus dated May 15, 2024 and Tranche II Prospectus both dated May 24, 2024 via link provided below:

* Shelf Prospectus – [[Click here]](https://workdrive.zohopublic.in/external/3f28ce0f37119c4655a0d3c3163bd8f58479343d911119711da1f45e6c4755a0?layout=list)
* Addendum to Shelf Prospectus – [[Click here]](https://iiflsamasta.com/wp-content/uploads/2024/05/Statutory_Ad-1.pdf)
* Tranche II Prospectus - [[Click here]](https://iiflsamasta.com/wp-content/uploads/2024/05/IIFL-Samasta-Finance-Limited-TP2-Signed.pdf)

All capitalized terms used shall, unless the context otherwise requires, have the meaning ascribed to them in the Shelf Prospectus dated November 23, 2023 read with the Addendum to the Shelf Prospectus dated May 15, 2024 and Tranche II Prospectus dated May 24, 2024