

Sakthi Finance Limited

Public Issue 8 - FAQs

Q1. What is an NCD?

NCD i.e. Non-Convertible Debenture is a debt instrument issued by companies registered under the Companies Act 1956/2013. The NCD is issued for a fixed period of time (tenor), and normally has options for pay out of interest on monthly/quarterly/annually basis, or cumulatively at the end of the period. The principal amount/maturity proceeds is transferred to the investor at the end of the fixed period.

Q2. What is the Issue Size?

The Base issue size is Rs. 100 Crore, with an option to retain oversubscription upto Rs. 100 Crore, aggregating to a total of Rs. 200 Crore.

Q3. What is the face value of this NCD?

The NCDs will be issued with a face value of Rs. 1,000/- .

Q4. What is the frequency of interest payments?

The frequency of interest payments for various series options is given below: Options I, III, V - monthly interest payment
Options II, IV, VI, VII– cumulative interest payment on maturity

Q5. What is the rating of the NCDs?

These NCDs have been rated [ICRA]BBB Stable by ICRA Ltd. for an amount of up to Rs.200 Cr vide its letter No. ICRA/Sakthi Finance Limited/10012024/1 dated 10.01.2024. The rating of the NCDs by ICRA Ltd. indicates that instruments with this rating are considered to have a moderate degree of safety regarding the timely servicing of financial obligations and carry moderate credit risk. The outlook is stable.

Q6. What is the minimum application size for investment?

An investor may apply for a minimum of ₹10,000 (10 NCDs) and in multiples of Rs. 1,000 (1 NCD) thereafter.

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

No

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

Yes.All Series of NCDs will be allotted in dematerialized form only. Trading in NCDs shall be compulsorily in dematerialized form only.

Q9. Is ASBA the only method for applying for this issue?

Yes. The applicant should have an account with an SCSB which provides an ASBA facility. Cheques, cash, and other forms of payment cannot be accepted.

Q10. Who are eligible to invest in these NCDs?

Category I (Institutional Investors) Persons eligible to apply to the Issue which includes:

- Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks and multilateral and bilateral development financial institutions which are authorized to invest in the NCDs;
- Provident funds of minimum corpus of ₹ 2,500 lakhs, pension funds of minimum corpus of ₹2500 lakhs, superannuation funds and gratuity funds, which are authorized 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;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); Page 191 of 312
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, Union of India;
- Mutual funds registered with SEBI; and
- Systemically Important NBFCs registered with the RBI and having net worth of more than ₹50,000 lakh as per the latest audited financial statements.

Category II (Non- Institutional Investors) - persons eligible to apply to the Issue which includes:

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013, Bodies corporate and societies registered under the applicable laws in India and authorized 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 authorized to invest in the NCDs;
- Trust including public/private charitable/religious trusts which are authorized to invest in the NCDs;
- Association of Persons;
- Scientific and/or industrial research organizations, which are authorized 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);

Category III (High Net worth Individuals):

- Resident Indian individuals applying for an amount aggregating a value exceeding ₹ 10 lakhs and Hindu Undivided Families applying through the Karta for an amount aggregating to a value exceeding ₹ 10 lakhs. (HNIs)

Category IV (Resident Indian Individuals):

- Resident Indian individuals applying for an amount aggregating to a value not exceeding ₹ 10 lakhs and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹ 5 lakhs in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) through UPI Mechanism and
- Hindu Undivided Families applying through the Karta applying for an amount aggregating a value not exceeding ₹ 10 lakhs.

Q11. Can the application be made in joint names?

- Applications may be made in single or joint names (not exceeding three). In the case of joint applications all interest /redemption amount 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 for and on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

Q12. Can an applicant make additional/multiple applications?

- An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in this Prospectus and in multiples of thereafter as specified in this Prospectus.
- Any Application for an amount below the above minimum Application size will be deemed as an invalid Application and shall be liable to be rejected. However, multiple Applications by the same individual Applicant aggregating a value exceeding ₹ 25 lakh shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant.
- However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application.
- For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e., Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the above purpose if the PAN number of the sole or the first Applicant is one and the same.

Q13. Which stock exchange are the NCDs proposed to be listed on?

The NCDs are proposed to be listed on BSE Limited.

Q14. What is the issue period?

As per new SEBI rules, the issue has to be completed in 10 working days. The issue opens on 8th Feb 2024 and closes on 21st Feb 2024.

Q15. What is the application amount and mode of payment to be payable on the application?

- The minimum application size for each application for NCDs would be Rs.10,000/-, and in multiples of Rs. 1,000/- thereafter.
- Applicants can apply for any or all Options of NCDs offered hereunder (any/all options) using the same Application Form.
- Application can be made in ASBA mode only.
- Applicants shall specify the ASBA Account number in the Application Form.

Q16. Where/How should the completed application forms be submitted?

Applications may be submitted to the nearest designated SCSB Branches or may be sent to the Registered Office of Sakthi Finance Limited, No.62, Dr. Nanjappa Road, Coimbatore – 641018 by way of courier or speed post mentioning “ SFL Public Issue Series 8”.

Q17. Can an applicant withdraw an application during the Issue Period?

Applicants can withdraw their Applications during the Issue Period by submitting a request.

Q18. Can an applicant revise his/her application during the Issue Period?

Applicants may revise/ modify their application details during the Issue Period, as allowed/permitted by the Stock Exchange(s), by submitting a written request. 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 the Issue Closing Date.

Q19. What is the basis of allotment? How will allocation happen in case of over-subscriptions?

Allotments in the first instance:

- (i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 5% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or on-line acknowledgement);
- (ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 15% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or on-line acknowledgement);
- (iii) Applicants belonging to the Category III in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or on-line acknowledgement);
- (iv) Applicants belonging to the Category IV in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or on-line acknowledgement);
- (v) Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e., on a firstcome first-serve basis, based on the date of upload of each Application into the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio.
- (vi) However, on the date of over-subscription, the Allotments would be made to the Applicants on proportionate basis.

Q20. When will the funds get unblocked?

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB or the Sponsor Bank (for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/ UPI linked bank account, for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Q21. When will the investor get the allotment advice?

Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered.

Q22. Can NRIs Apply in this Issue?

No, NRIs cannot apply in this Issue.

Q23. What are the documents/certificates that need to be filed along with the Application Form for retail investors?

No documents. All applicants shall be required to mention their PAN Number in the Application Form.

Q.24. Can I apply through the UPI mechanism?

A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is up to Rs. 5 lakhs, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

A UPI Investor may also submit the Application Form for the Issue through BSEDirect, wherein the Application will automatically be uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Q.25. Can I Apply online with a UPI id?

Yes. The debenture holder shall register first in the "BSE Direct" app available in Android Play Store or "BSEDirect" app available in Apple App Store or through web site www.bsedirect.com, providing details along with UPI id. The debenture holder can then apply online and block the required amount.

Q26. Can one apply Online through Net Banking?

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.

Q.27. What are the Tax implications?

Tax Deducted at Source(TDS) will be deducted as per the extant I.T. Act 1961. Non-Assessee may Issue Form 15 G/H.