SHRIRAM
Transport Finance Company Limited
A WINNING RELATIONSHIP

SEC/FILING/BSE-NSE/19-20/68A-B March 10, 2020

BSE Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Scrip Code: 511218

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor,
Plot no. C/1, G- Block,
Bandra-Kurla Complex,
Mumbai – 400051
NSE Symbol: SRTRANSFIN

Dear Sirs,

Sub.: Update on Show Cause Notice received from Directorate of Enforcement

This has reference our letter dated April 15, 2019 sent to the stock exchanges regarding the show cause notice (SCN) received from Directorate of Enforcement (ED) in relation to issue of Warrants by erstwhile Shriram Holdings (Madras) Private Limited (SHMPL) (which was amalgamated with Shriram Transport Finance Company Limited (STFC) w.e.f April 1,2012) in the year 2006 to a person resident outside India.

The Company represented itself with relevant information and facts that it was of the bona fide view that it had not contravened any of the provisions of FEMA. However, the Company received an Order dated March 04, 2020 from ED yesterday (9th March 2020). The Order imposes on the Company a penalty of Rs.5 crore in connection with the above matter citing contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000. In this regard, the ED has also levied the penalty of Rs.50 Lac each on three persons, the then directors of the erstwhile SHMPL.

The Company continues to believe and hold the view that they (SHMPL) had the relevant approval for foreign equity participation of up to 74% by way of investment through subscription and/or subsequent acquisition of up to 74% of the equity shares of SHMPL. SHMPL had issued Warrants to the extent of Rs. 243.60 crore in the year 2006 which were converted into equity shares within the above-mentioned limit. The Company's view was further strengthened based on the clarifications obtained from the Department of Economic Affairs.

The Company is currently examining the above Order and examining all options to take the matter to closure, including the option to contest the same with the relevant authorities.

Thanking you.
Yours faithfully,
For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

VIVEK MADHUKAR ACHWAL

Digitally signed by: VIVEK MADHUKAR ACHWAL
DN: CN = VIVEK MADHUKAR ACHWAL C = IN O = Personal
Date: 2020.03.10 14:43:07 +05'30'

VIVEK ACHWAL
COMPANY SECRETARY