



सहायक महाप्रबंधक / ASSISTANT GENERAL MANAGER
निगम वित्त विभाग / CORPORATION FINANCE DEPARTMENT
रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार / REGISTRATION, APPROVALS & CORRESPONDENCES
निर्गम एवं सूचीबद्धता प्रभाग / DIVISION OF ISSUES AND LISTING – 2

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SEBI/CFD/RAC/DIL-2/P/OW/16743/2025

June 23, 2025

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. C-27, G Block
Bandra-Kurla Complex, Bandra East
Mumbai- 400051

Kind Attention: Mr. Vishal Bandekar

महोदय,

Dear Sir,

विषय / Sub: Proposed IPO of Tata Capital Limited (TCL/ the Company/Issuer)

1. उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट), भारतीय प्रतिभूति और विनिमय बोर्ड (सेबी) द्वारा मांगे गए स्पष्टीकरणों और उसके संबंध में दिए गए उत्तरों के संदर्भ में, यह सूचित किया जाता है कि इनकी जाँच करने पर यह पाया गया है कि इनमें कमियाँ हैं / भारतीय प्रतिभूति और विनिमय बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोजर रिक्वायरमेंट्स) रेग्यूलेशन्स, 2018] के प्रावधानों और दिए गए अनुदेशों का पालन नहीं किया गया है, और आपके लिए यह जरूरी है कि आप स्टॉक एक्सचेंज और / या कंपनी रजिस्ट्रार के पास प्रस्ताव दस्तावेज दाखिल करने से पहले उन कमियों को दूर करें और संबंधित प्रावधानों तथा दिए गए अनुदेशों का पालन करें। उपरोक्त के संबंध में की गई टिप्पणियों का और जिन शर्तों आदि का पालन किया जाना है, उनका जिक्र संलग्नक 'I' और संलग्नक 'II' में किया गया है। कृपया यह भी नोट करें कि संलग्नक में जो कमियाँ बताई गई हैं / कुछ और प्रकटीकरण (डिस्क्लोजर) करने की बात कही गई है, यह सब आपको केवल उदाहरण के तौर पर ही बताया गया है। यह सुनिश्चित करने की जिम्मेदारी आपकी है कि सभी और सही प्रकटीकरण किए जाएं।

With reference to the draft offer document in respect of captioned issue, clarifications sought by SEBI and the replies submitted therein, it is stated that on scrutiny of the same, deficiencies / instances of non-compliance of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as SEBI (ICDR) Regulations, 2018) and instructions have been observed, which are required to be rectified / complied with by you before filing the offer document with the Stock Exchange and/ or ROC. Observations on the captioned issue and other conditions to be complied with are indicated in Annexure 'I' and 'II'. It may be noted that the deficiencies / requirement of additional disclosures listed in the Annexure are merely illustrative and not exhaustive. It is your responsibility to ensure full and true disclosures.

2. बुक रनिंग लीड मैनेजर होने के नाते, आप यह सुनिश्चित करेंगे कि स्टॉक एक्सचेंज / कंपनी रजिस्ट्रार के पास प्रस्ताव दस्तावेज दाखिल करने से पहले संलग्नक में दी हुई टिप्पणियों / शर्तों आदि के अनुसार प्रस्ताव दस्तावेज में बदलाव कर लिए जाएं। कंपनी रजिस्ट्रार / स्टॉक एक्सचेंज के पास अंतिम प्रस्ताव दस्तावेज दाखिल करने से पहले आपको हमें एक

AS

पत्र भेजकर इस बात की पुष्टि करनी होगी कि अपेक्षानुसार बदलाव कर लिए गए हैं और साथ ही यह भी बताना होगा कि

3. प्रत्येक टिप्पणी / शर्त आदि के अनुसार बदलाव कैसे किए गए हैं। इसके अलावा और कोई भी बदलाव सेबी से लिखित सहमति लिए बिना नहीं किए जाएंगे।

As Book Running Lead Manager (LM), you shall ensure that all changes are effected based on the observations/ conditions contained in the Annexure before you file the offer document with the stock Exchange/ ROC. A letter confirming these changes and explaining, in seriatim, the manner in which each observation / condition has been dealt with along with your comments should be submitted to us, before filing the final offer document with ROC / Stock Exchange. **NO FURTHER CHANGES SHOULD BE EFFECTED WITHOUT SPECIFIC WRITTEN CONSENT OF SEBI.**

4. यह स्पष्ट किया जाता है कि भारतीय प्रतिभूति और विनियम बोर्ड (सेबी) के पास प्रस्ताव दस्तावेज (ऑफर डॉक्यूमेंट) दाखिल करने का अर्थ किसी भी तरह से यह न लगाया जाए कि सेबी द्वारा इसे मंजूरी प्रदान कर दी गई है। सेबी न तो इस बात की कोई जिम्मेदारी लेता है कि जिस स्कीम या परियोजना (प्रोजेक्ट) के लिए निर्गम (इश्यू) लाए जाने का प्रस्ताव है उसकी वित्तीय स्थिति अच्छी है और न ही इस बात की जिम्मेदारी लेता है कि प्रस्ताव दस्तावेज में दी गई जानकारी या व्यक्त की गई राय सही है। अग्रणी प्रबंधकों (लीड मैनेजर्स) ने यह प्रमाणित किया है कि प्रस्ताव दस्तावेज में जो प्रकटीकरण (डिस्क्लोज़र) किए गए हैं वे मोटे तौर पर पर्याप्त हैं और जो प्रकटीकरणों (डिस्क्लोज़र) तथा निवेशक संरक्षण के संबंध में उस समय लागू सेबी के विनियमों के प्रावधानों के अनुसार किए गए हैं। अग्रणी प्रबंधक यह भी सुनिश्चित करेंगे कि ऐसा भारतीय प्रतिभूति और विनियम बोर्ड [पैजि का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन, 2018] के अनुसार भी किया जाए। ऐसा करना इसलिए जरूरी है, ताकि निवेशक प्रस्तावित निर्गम (इश्यू) में निवेश करने के संबंध में सोच-समझकर निर्णय ले सकें।

It is to be distinctly understood that submission of offer document to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer document. The LMs have certified that the disclosures made in the offer document are generally adequate and are in conformity with SEBI regulations for disclosures and investor protection in force for the time being. The LMs are advised to ensure the same with respect to SEBI (ICDR) Regulations, 2018. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

5. यह भी पूरी तरह से स्पष्ट किया जाता है कि यद्यपि इस बात की जिम्मेदारी मुख्य रूप से निर्गमकर्ता (इश्यूअर) कंपनी की होती है कि प्रस्ताव दस्तावेज में समस्त जरूरी जानकारी प्रकट की जाए और जो सही और पर्याप्त हो, फिर भी अग्रणी प्रबंधकों (लीड मैनेजर्स) से अपेक्षित है कि वे यह सुनिश्चित करने के लिए पूरी तत्परता (ड्यू डिलिजेंस) बरतें कि कंपनी अपनी जिम्मेदारियाँ सही ढंग से निभाए, और इसी उद्देश्य से अग्रणी प्रबंधकों ने भारतीय प्रतिभूति और विनियम बोर्ड (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन, 2018 के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख April 04, 2025 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

It should also be clearly understood that while the Issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the LMs are expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the LMs have furnished to SEBI a Due Diligence Certificate dated April 04, 2025, in accordance with SEBI ICDR Regulations, 2018.

6. हालाँकि, कंपनी प्रस्ताव दस्तावेज दाखिल कर देने से ही कंपनी अधिनियम, 2013 की धारा 34 के तहत दी गई किसी भी बाध्यता से मुक्त नहीं हो जाती या वह कानूनी प्रावधानों के अनुसार ली जाने वाली मंजूरी या ऐसी कोई अन्य मंजूरी लेने से मुक्त नहीं हो जाती, जो प्रस्तावित निर्गम के संबंध में लेनी जरूरी हो। हालाँकि, सेबी प्रस्ताव दस्तावेज में कोई अनियमितता या कमी पाए जाने पर कभी भी अग्रणी प्रबंधकों के खिलाफ कार्रवाई कर सकता है।

The filing of offer document does not, however, absolve the company from any liabilities under Section 34 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the LMs any irregularities or lapses in offer document.

7. किसी भी प्रचार सामग्री या विज्ञापन में ऐसा कुछ भी उल्लेख नहीं किया जाएगा, जो प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डाक्यूमेंट) में दी गई जानकारी से भिन्न हो। इस संबंध में आपका ध्यान विशेष रूप से कंपनी अधिनियम, 2013 की धारा 36 के प्रावधानों की ओर आकर्षित किया जाता है।

Any publicity materials / advertisements should not contain matters extraneous to the information contained in the draft offer document. **Attention is specifically drawn to the provisions of Section 36 of the Companies Act, 2013.**

8. अग्रणी प्रबंधक यह सुनिश्चित करें कि भारतीय प्रतिभूति और विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 के विनियम 25(1) और अनुसूची-III के अनुसार उपरोक्त निर्गम (इश्यू) के संबंध में फाइलिंग फीस की गणना किस प्रकार की गई है उसका एक विस्तृत विवरण, यथास्थिति, कंपनी रजिस्ट्रार के यहाँ प्रॉस्पेक्टस दाखिल किए जाने के सात दिनों के भीतर / स्टॉक एक्सचेंज के पास प्रस्ताव-पत्र (लेटर ऑफ ऑफर) दाखिल किए जाने के सात दिनों के भीतर, सेबी के पास प्रस्तुत कर दिया जाए और साथ ही अब तक अदा की गई फाइलिंग फीस का ब्यौरा भी दिया जाए।

The LMs are advised to ensure that a detailed calculation of filing fees in relation to the captioned issue in terms of regulation 25(1) and Schedule III of the SEBI (ICDR) Regulations, 2018 is submitted to SEBI within seven days of filing the Prospectus with ROC / within seven days of filing the Letter of Offer with the stock exchange, as the case may be, along with details of filing fees paid till date.

9. आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से कम हो, तो ऐसे में अग्रणी प्रबंधक यह सुनिश्चित करेंगे और इस बात की पुष्टि करेंगे कि सेबी को शेष फीस अदा किए जाने के संबंध में इन विनियमों की अनुसूची-III के प्रावधानों का पालन किया गया है।

If filing fees paid by you is less than the actual fees required to be paid, the LMs are advised to ensure and confirm compliance with the provisions of Schedule III of the said Regulations in regard to payment of the balance fees to SEBI.

10. प्रस्तावित निर्गम (इश्यू) इस अभिमत पत्र के जारी होने की तारीख से 12 महीनों के भीतर पैसा लगाने (अभिदान करने / सब्सक्रिप्शन) के लिए खोला जा सकता है।

The proposed issue can open for subscription within a period of 12 months from the date of issuance of this observation letter.





11. आपसे अनुरोध है कि इस पत्र की प्राप्ति के 15 दिनों के भीतर अपना उत्तर प्रस्तुत करें।

You are requested to submit your response within 15 days of the receipt of this letter.

Place: Mumbai

Ajinkya
23-06-2025
Ajinkya Kamble

Annexure I

OBSERVATIONS

1. Please refer to our letter dated April 28, 2025 and the response from LM dated June 02, 2025 and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. Draft offer document and the offer document, shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company/ Expert. The Issuer Company / BRLMs shall ensure that the "Industry Overview" section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor any underlying assumptions have been omitted for investors to make an informed decision.
3. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.
4. The industry report disclaimers (if any) shall be removed from all places of the offer document.
5. LM is advised to include the industry report in the list of material documents for inspection and also provide a link in the offer document for online access of industry report.
6. The LM is advised to ensure that offer document is made in lucid and economical language with limited usage of abbreviations. Abbreviations, if any, shall be used only with prior and appropriate disclosure of the corresponding term. jargons or nomenclatures, if any, shall be properly explained at each and every mention of the same.
7. LM is advised to ensure all quantitative information be provided in tabular form and free from discrepancies/errors in all sections for the ease of reading. LM may provide with certainty all the relevant information sought by SEBI till the issue of this observation letter, in the offer document/UDRHP/RHP.
8. LM is advised to ensure that financial disclosures for the stub period and comparative periods shall be made on account of audited, restated and consolidated financials only.
9. LM is advised to ensure that the primary business of the company shall be disclosed in lucid and economical language. The disclosure shall specify the industry, sector, activity, products etc with clarity.
10. LM is advised that reference to name of any place mentioned in the offer document may be followed by name of City / State, as the case may be.
11. Though, these observations refer to a specific chapter or para, LM is advised to ensure, in principal, disclosures shall be consistent across the offer document.
12. LM is advised to ensure that the disclosure of risk factors are based on materiality and provide adequate and cross-reference, to the exact page no., wherein detailed information is disclosed.
13. LM is advised to disclose the date of Board Approvals obtained for disclosed initiatives, such as expansion, expenditures etc. Non-disclosures shall be qualified with reasons.
14. LM is advised that KPIs and financial data wherever disclosed shall be in absolute terms and in % terms, and shall pertain to the disclosed financial period.
15. LM is advised to make uniform presentation of data in terms of the placement of time-periods. LM should ensure that the time-periods are either placed in ascending or descending order, uniformly across the offer document.



16. For each cross-referencing of the industry report, LM is advised to mention the exact para and page of the report.
17. LM is advised to incorporate all the certificates certified by the Chartered Accountants under section- *Material contracts and documents for inspection*.
18. LM to ensure the eligibility of the employees applying under the employee reservation portion of the issue.
19. Key Regulations and Policies – The section shall disclose that on and from the issuance of observations by the board, securities law and regulations shall also apply. The section shall disclose the list of such regulations, such as SEBI SDI Regulations, SEBI NCS Regulations etc.
20. LM is advised to disclose the name of the signing partner of the legal counsel to the issuer along with disclosing corresponding email-id and contact person.
21. LM is advised to identify the monitoring agency in the offer document at the time of UDRHP itself.

22. Definitions and abbreviations

- a. Details such as country of incorporation and whether listed or unlisted may be added for Associate(s). (Ref: page no. 1 of DRHP)
- b. The definition of 'CRISIL Report' should clearly mention that the Report has been prepared by CRISIL exclusively for the instant Offer as has been subsequently mentioned elsewhere under the heading of Risk Factor No. 42 at page 70.

23. Summary of the offer document:

- a. Summary of Outstanding Litigation: It may capture the aggregate number of litigations with aggregated claim value irrespective of materiality.
- b. Summary of Contingent Liabilities: It may be clarified if the letters of comfort are legally binding, enforceable and valid, and why it cannot be clubbed with corporate guarantee. If the same is not legally binding, unenforceable and invalid, LM may add footnote to that extent.
- c. Summary of Related Party Transactions: (i) The basis of appearance of the party name, by value terms or alphabetical order, may be explained and the table may be sorted accordingly. (ii) The terms 'Finance lease' and 'Factoring' may be included under Technical, Industry and Business related terms and explained therein.

24. Forward looking statements:

- a. Forward looking statements may not contain risk factors. The ten points mentioned under important factors may be removed. A cross reference (with respective page no.s) may be made to Risk Factors or top ten risk factors provided under Summary of the Offer Document.

25. Risk Factors (RF):

- a. LMs to ensure that any description of risk or description of the possibility of occurrence of an event/ situation shall necessary follow with a statement of detailed disclosure on past occurrences. If not, a categorical statement of disclosure on non-occurrence of such events shall be disclosed.
- b. Risk Factors - (i) every risk factor shall be provided with a cross-reference to the detailed description of the facts / reasons in the DRHP, wherever applicable. (ii) In all risk factors,

wherever either only percentages or the absolute values are mentioned, LM shall ensure to disclose both the absolute values and percentages adequately.

- c. Risk factor no. 5- The last para begins with a qualifying statement, viz. “*While we have not ... and 2022*”. This qualification may have the effect of diluting the given risk factor and may therefore be deleted.
- d. Risk factor no. 7- (i) There is no mention of securitization transactions or transfer of loan assets as a source of funding. LM is advised to confirm specifically that the company hasn’t undertaken any of the aforesaid transaction in the last three years and in the broken period. (It may be noted that RBI inspection report findings referred in risk factor no. 16 talks about securitization). (ii) In this risk factor, certain items being shown at 0.0%. LM is advised to calculate and show correct numbers even if it is with two or three decimal points or to state “negligible” or “not meaningful”. (iii) The risk due to a possible downgrade in ‘Credit Rating’ may be highlighted as a separate Risk Factor.
- e. Risk factor no. 9- It may capture the aggregate number of litigations with aggregated claim value irrespective of materiality.
- f. Risk factor no. 10- It may be disclosed if the issuer company has any right to challenge a termination in any court of law in case of termination of the agreement by Tata Sons Ltd. for any reason.
- g. Risk factor no. 12- LM to omit the sentence which states “Since the NCDs had been issued in demat form, TMFL had no control/influence over the secondary transfers made by the successful applicants.” and the sentence “Since the CRPS had been issued in demat form, TMFL had no control/influence over the secondary transfers made by the successful applicants”.
- h. Risk factor no. 13- LM to add SEBI norms as applicable to a debt issuer. LM may also add if and when listing of equity shares happens and the obligations under securities law on various items.
- i. Risk factor no. 14- A few possible instances may be disclosed wherein RBI’s assessment of the capital-to-risk weighted assets ratio (CRAR) of the issuer company may differ from the issuer company’s own assessment.
- j. Risk factor no. 16- It may be mentioned in the heading of the risk factor that there were certain non-compliances pointed out by RBI and NHB in the past. LM to add in the risk factor status of action initiated by SEBI, if any, for violation of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021. If the matter is still pending and no action is taken, LM to disclose that violation of such securities market laws may also result in enforcement action by SEBI.
- k. Risk factor no. 17- LM to bring out that (i) the risk of contract labour providers’ default and impact of the same on the issuer and (ii) such contract labour claiming employment with the issuer.
- l. Risk factor no. 18- (i) LM to clearly mention whether a data breach has been occurred or not. The phrase “materially impacted” is mentioned in the said risk factor. You are advised to review the said phrase and re-draft the same. Moreover, the beginning of the sentence in line no. 10 is again qualifying statement – “*While we have not ... materially impacted our business,*” and may be deleted.



- m. Risk factor no. 21- The beginning of the sentence in line no. 9 of para 2 is a again a qualifying statement- "*While we have not ... our business and operations,*" and may be deleted. Similar qualifying statement in various Risk Factors (e.g. No.s 22, 24, 25, 26, 27, 28, 34, 36, 44, 48) may be suitably deleted.
- n. Risk factor no. 24- The issuer may have any corporate clients, accordingly LM to also outline procedures under IBC as it may have implications on the issuer. LM to clarify in this RF on the dispute resolution or enforcement mechanism it had contractually specified when DRT is not accessible or available.
- o. Risk factor no. 25- This risk factor may be disclosed in top 20 risk factors.
- p. Risk factor no. 27- This risk factor may be disclosed in top 20 risk factors.
- q. Risk factor no. 28- LM to bring out whether the issuer extends Foreign Currency loans to its borrowers or not. The kind of assessment made in risk factor no. 25 may also be done in this risk factors. If a similar kind of assessment cannot be done, the same may be brought out.
- r. Risk factor no. 32- LM to clarify whether any agreement between issuer with parent or laid down policies within Tata group that deals with potential conflict of interest as identified (with issuer or minority investors).
- s. Risk factor no. 33- LM to clarify if the issuer uses account aggregators in course of business (as described for CICs). LM to also mention- why lack of access to CRILC has been mentioned if the issuer doesn't do corporate lending.
- t. Risk factor no. 34- The last sentence in this risk factor uses double negatives. LM is advised to simplify this sentence and convey clearly what issuer wants to say.
- u. Risk factor no. 36- (i) In this risk factor, certain items being shown at 0.0%. LM is advised to calculate and show correct numbers even if it is with two or three decimal points or to state "negligible" or "not meaningful". (ii) It is *inter-alia* mentioned in this risk factor that 'We do not expect a breach of any such material terms or covenants under our loan documents as a result of the Offer'. LM is advised to affirm and disclose the same without materiality qualification. (iii) It is *inter-alia* mentioned in this risk factor that 'we cannot assure that we will be able to obtain consent from the lenders, which are pending, for undertaking this Offer'. It is advised to obtain such a required consent from the lenders or pre-pay the loans, prior to IPO.
- v. Risk factor no. 37- It may be disclosed if any of the balance transfers/prepayment of loans by the customers had any material adverse impact on the financial condition and business of the issuer company in the last 3 financial years and the subsequent period.
- w. Risk factor no. 38- LM is advised to update second paragraph, which outlines High Value Debt Listed Entity, regarding mandatory compliance of Chapter IV of the SEBI Listing Regulations.
- x. Risk factor no. 39- LM to mention if any tenure specified for the agreement with Tata Sons Pvt. Ltd.
- y. Risk factor no. 40- (i) It may be clarified if the letters of comfort are legally binding, enforceable and valid, and why it cannot be clubbed with corporate guarantee. If the same is not legally binding, unenforceable and invalid, LM may add footnote to that extent. (ii) This risk factor may be disclosed in top 20 risk factors. Further, contingent liabilities are almost 20% of the PAT as on December 31, 2024. This may also be disclosed.

- z. Risk factor no. 43- All approvals pending/not applied for/expired may be disclosed in a tabular form. It may also be disclosed if the exit from investment in Tata Capital Pte Ltd. will have any material adverse impact on the business and financial position of the issuer company.
- aa. Risk factor no. 45- LM to outline what are the uninsurable risks as referred to in the last paragraph of this RF.
- bb. Risk factor no. 46- This risk factor may be moved to the 'External Risks' section. MB to clarify if education loan (EL) is primarily for overseas studies. MB may bring out risk of student visa processing or adverse implications of countries being less welcoming that can impact students not going overseas and hence on the EL business.
- cc. Risk factor no. 47- Since IBC is not yet notified for individuals and partnership firms (unless are guarantors for a corporate), LM is advised to correct the first paragraph which outlines applicability of IBC.
- dd. Risk factor no. 48- (i) It may be disclosed how much % of the leased properties are from promoter/promoter group entities. (ii) It is *inter-alia* mentioned that 'Most of our and TMFL's branches are located on leased premises'. LM is advised to bring out the aforesaid in numerical or in percentage terms. (iii) Further, how many premises are owned by the issuer or TMFL may also be disclosed. LM may refer disclosure at page no. 322 on owned vs leased properties.
- ee. Risk factor no. 49- LM is advised to mention how many percentage of equity does ESOPs comprise of and hence provide the extent of dilution a potential investor may undergo (on a consolidated basis and per scheme that's mentioned).
- ff. Risk factor no. 53- LM to specify clearly whether the issuer has (or not) a code of conduct or policy to deal with the conflict that can arise on account of the risk as noted by it. LM to also add details of "ESOPs granted" in addition to "securities held" referred in this RF.
- gg. Risk factor no. 55- LM to bring out that the 1940 Act is that of the USA.
- hh. Risk factor no. 57- LM to disclose the trade barriers and tariff issues and non- satisfactory resolution between the concerned countries and India, in the list of factors
- ii. Risk factor no. 58- LM to add SEBI norms as applicable to a debt issuer. LM may also add if and when listing of equity shares happens and the obligations under securities law on various items
- jj. Risk factor no. 75- (i) It is not clear how SEBI takeover regulations discourages potential takeovers. LM is advised to be spell out the same clearly. (ii) The factor of 92% ownership by Tata Sons Pvt. Ltd. for no takeover may be mentioned here. (iii) Further, it may not be appropriate to state that as a consequence of the Takeover Regulations of SEBI, even if a potential takeover of the issuer company would result in purchase of the equity shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated. LM may consider either removing this statement or redrafting it suitably.
- kk. Risk factor no. 76- LM to specify if arbitration or other alternative dispute resolution agreed to by the issuer in its contracts. If so, LM may bring out how enforcement of arbitral awards takes place (as done for enforcement of foreign judgments).



11. Risk factor no. 81- LM to change title that states “may be more limited than under” to “may differ from” similar to what is written in first statement. Second and third statements in this RF may also be changed similarly.

26. General Information:

- a. For both legal counsels, LM is advised to add name of the signing partner(s) for the law firms, contact person, email ID and website. (Ref: page no. 95 of DRHP)
- b. LM is advised to specify name of monitoring agency on page no. 97 and 129 of DRHP.

27. Capital Structure:

- a. Preference share capital: Under the column ‘Name of Allottees’, the ‘number’ of Allottees may be upfront disclosed in the Table itself, wherever it is mentioned – “*The list of Allottees is available on the website of our company at []*”. (Ref: page no. 105-107 of DRHP)
- b. It *inter-alia* mentioned as foot note to the table on page no. 112 of DRHP that seven different demat accounts held by Tata Sons Pvt. Ltd. have been considered as one. Whether these accounts have any connection with any other shareholder(s) / members of promoter and promoter group may also be disclosed. Further, latest public shareholders details may be updated while filing the subsequent offer documents.
- c. Employee Stock Option Plans: LM is advised to mention how many percentage of equity does ESOPs comprise of and, hence, provide the extent of dilution a potential investor may undergo. (on a consolidated basis and per scheme that’s mentioned)

28. Basis for offer price:

- a. KPIs – LM is advised to ensure that only audited KPIs are included for disclosure. LM to confirm that KPIs have been audited. If not, the same shall be removed.

29. Industry Overview:

- a. LM is advised to ensure that RFs as disclosed in the industry reports are included under the chapter on Risk Factors, including threats and challenges as identified in the report.
- b. Peer Comparison: It is mentioned in paragraph no. 2 that Tata Capital was founded in 1868. If there is discrepancy, LM is advised to update the same. (Ref: page no. 286 of DRHP)
- c. Product Portfolio Mix of the Companies: The table on page no. 288 & 289 may be reconstructed and the data may be shown as done in tables on page no. 287. While doing so, LM is advised to use the unique terminologies for product category.

30. Our Business:

- a. LM is advised to avoid repetitive references to Industry Report in the aforesaid chapter.
- b. Page no. 300 of DRHP provided clarity on lending business comprising Retail Finance, SME Finance and Corporate Finance. The said clarity is not coming across clearly in risk factors. Accordingly, LM is advised to review and revise the RFs which outline the lending business of the issuer. Further, non-lending business and percentage contribution to the revenues may also be brought out in risk factors. Additionally, PE business related Risk factor, in terms of RBI guidelines, when there is overlap of relationship with a borrower and an investee of the PE business may also be added in risk factors.



- c. In respect of cross selling, It may be disclosed what % of customers of the company as on date have taken more than one loan from the company across different categories of loans. (Ref: page no. 306 of DRHP)
- d. It *inter-alia* mentioned on page no. 309 that TCL has six other subsidiaries through which it operates its domestic PE business. The said statement doesn't match with the information provided on page no. 355. LM is advised to provide specifically name of all the subsidiaries and list the active funds under management, overseas (along with the country of incorporation) and in India.
- e. The chart on page no. 310 appears to be incomplete. LM is advised to disclose all TCL's subsidiary in the said chart along with countries of incorporation, business carried out by them.

31. Key Regulations and Policies

- a. LM is advised to summarize the applicable Securities Market laws, which will apply on the issuer after becoming an equity listed company, in same manner and form as done for RBI norms (including for HVDLE/listed debt and SDIs).

32. History and Certain Corporate Matters

- a. LM is advised to provide the difference between operational and administrative convenience below the table mentioned on page no. 350 of DRHP.
- b. In all the foreign subsidiaries mentioned in this section, LM is advised to specify the name funds comprised in each of the entities and extent of issuer's stake in such funds. Further, details of trustee and fund manager of these funds may also be mentioned.
- c. On page no. 360 of DRHP, it appears that the information starting from 'Accumulated profits or losses' is of the 7th foreign step-down subsidiary. LM is advised to provide the correct information, may be by providing an appropriate title.

33. Our Promoter and Promoter Group

- a. Shareholders of Tata Sons Private Limited: LM is advised to show corporate shareholders in two separate rows separating Tata companies' ownership from unaffiliated companies.
- b. Our Promoter Group: LM is advised to mention whether the companies mentioned in this section are listed or unlisted. Whether these companies are non-for-profit organization may also be mentioned. Further, country of incorporation may also be mentioned in case of foreign companies.

34. Restated Consolidated Financial Information

- a. LM is advised to confirm that where percentage ownership interest is shown. (Ref: page no. 491-493 of DRHP)
- b. LM is advised to mention whether the companies mentioned on page no.s 510 to 543 are listed or unlisted. Whether these companies are non-for-profit organization may also be mentioned. Further, country of incorporation may also be mentioned in case of foreign companies.

35. Outstanding Litigation and Material Developments

- a. LM is advised to disclose the dates of the outstanding litigations.

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- b. LM is advised to disclose the data points such as place and authority where such litigations are pending for each of the disclosed litigations.
- c. LM shall disclose as separate RF, the implications if any on the contingency of an adverse outcome, if any, of disclosed litigations.
- d. LM shall disclose the aggregate number of litigations with aggregated claim value irrespective of materiality.

36. Group Companies

- a. LM is advised to mention whether the companies mentioned in this section are listed or unlisted. Whether these companies are non-for-profit organization may also be mentioned. Further, country of incorporation may also be mentioned in case of foreign companies.
- b. Details of our top 5 Group Companies: LM is advised to provide a website link and QR code, for respective companies, to access the financial information of the company.

37. History and Certain Corporate Matters:

- a. LM to ensure that special rights as disclosed in the DRHP shall terminate at the time of listing. LM is advised to include a categorical statement that it has gone through AoA of the issuer company and confirm to SEBI that no special rights to the promoters/shareholders in the AoA, at the time of filing of offer document.
- b. Under chapter, *History and certain corporate matters*, LM is advised to disclose all the material conditions of any disclosed agreement. LM is advised to avoid using phrases such as *certain conditions and applicable laws* unless accompanied with a negating disclosure on material covenants.
- c. LM is advised that inter-se agreements/ arrangements between the shareholders are disclosed under section "History and Certain Corporate Matters".
- d. LM is advised that a categorical statement from the Issuer Company/ Promoters / Shareholders, may be provided that there are no other inter-se agreements/ arrangements and clauses / covenants which are material and which needs to be disclosed and that there are no other clauses / covenants which are adverse / prejudicial to the interest of the minority / public shareholders. Also that there are no other agreements, deed of assignments, acquisition agreements, SHA, inter-se agreements, agreements of like nature other than disclosed in the DRHP.
- e. Further, the LMs shall also confirm to SEBI that they have gone through the inter-se agreements/ arrangements, if any, as disclosed in the DRHP and they also do not see any clauses / covenants which are material and need to be disclosed, which have not been disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the minority / public shareholders.
- f. It may be confirmed/disclosed if the issuer company has any existing policy as on date to address the conflict of interest involved in having subsidiaries/associates with common pursuits. (Ref: page no. 360 of DRHP)

38. Our Management:

- a. LM is advised to ensure that details of the Directors in the section titled "Management" clearly depicts if any director is a nominee. If so, LM shall also disclose the details on the shareholders nominating them. Similarly, such details to be disclosed for the KMPs as well. LM to also confirm that apart from that disclosed in the offer document, there are no other

nominee directors, KMPs or other persons etc. appointed on behalf any of the shareholders or any other person.

- b. LM shall disclose whether the structure of the Board is compliant with applicable corporate governance norms on the date of listing. If no, suitable RF to be provided.
- c. Our Board: LM is advised to mention whether a company, in which a board member holds directorship, is listed or unlisted. Whether these companies are non-for-profit organization may also be mentioned. Further, country of incorporation may also be mentioned in case of foreign companies.

39. Other regulatory and statutory disclosures

- a. LM is advised to provide a QR Code for accessing the track record of past issued handled by BRLMs.
40. LM is advised to ensure that the processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.
41. With respect to all the complaints received by LM / Company / forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures of the same are made in the Red Hearing Prospectus and other Offer related material along with the disclosures of the financial impact of the same, if any.
42. LM is advised to ensure that the disclosure of details of all the criminal matters initiated by or against the company, group, directors, promoters, subsidiaries which are at FIR stage and limited cognizance has been taken by court, is incorporated in the UDRHP / RHP along with appropriate risk factors in this regard.
43. LM is advised to ensure following disclosures in the Issue advertisement for announcement of Price Band and all further advertisements as a box item below the price band:

"Risks to Investors:

- i. *The [to be disclosed] Merchant Bankers associated with the issue have handled [to be disclosed] public issues in the past three years out of which [to be disclosed] issues closed below the issue price on listing date."*
- ii. *Any adverse data in the basis for issue price should be disclosed. For example:*
 - *"The Price/Earnings ratio based on diluted EPS for [latest full financial year] for the issuer at the upper end of the Price band is as high as [to be disclosed] as compared to the average industry peer group PE ratio of [to be disclosed]."*
[if average industry peer group PE ratio is not available, then P/E of Nifty Fifty may be disclosed]
 - *"Average cost of acquisition of equity shares for the selling shareholders in IPO is [to be disclosed] and offer price at upper end of the price band is [to be disclosed]."*
 - *"Weighted Average Return on Net Worth for [last three full financial years] is [to be disclosed]%. "*

The data on above disclosures shall be updated and disclosed prominently (in the same font size as the price band) in advertisements of Price Band and all further advertisements, website of the



company and the stock exchange. Further, any adverse ratio / data in basis for issue price should be disclosed.

44. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.

Annexure II

General Observations

1. LM is advised to ensure that prior to filing of RHP with Registrar of Companies, the Issuer Company has received crucial clearances / licenses / permissions / approvals from the required competent authority which are necessary for commencement of the activity for which the issue proceeds are proposed to be utilized.
2. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
3. LM is advised to ensure that prior to proceeding with the issue, "No Objection Certificates" are obtained from all the lenders with whom the company has entered into an agreement and the terms of such agreement require an approval to be taken.
4. LM is advised to ensure that adequate disclosures are made to disclose any material development which may have a material effect on the Issuer Company between the date of registering final prospectus or the RHP or the letter of offer, with the Registrar of Companies or designated stock exchange, as the case may be, and the date of allotment of specified securities, while ensuring compliance with Regulation 42 and Schedule IX of SEBI (ICDR) Regulations, 2018.
5. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
6. In terms of SEBI Circulars No. SEBI/CIR/ISD/03/2011, No. SEBI/CIR/ISD/05/2011 and SEBI/CIR/ISD/01/2012 dated June 17, 2011, September 30, 2011 and March 30, 2012 respectively, LM is advised to ensure that 100% promoter holding is in demat form prior to listing.
7. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
8. In pursuance of Regulation 25 Sub-Regulation 9(a) of SEBI (ICDR) Regulations, 2018, LM is advised to certify while submitting the in-seriatim reply that all amendments, suggestions and observations advised by SEBI have been complied with and duly incorporated in the offer document, while also indicating the page number for the same.
9. **ASBA:**
 - i) LM is advised to ensure that sufficient number of Physical ASBA forms are printed and dispatched directly to all designated branches of SCSBs which are located in places of mandatory collection centers as specified in Schedule XII of SEBI (ICDR) Regulations, 2018, Syndicate Members and Registered Brokers of Stock Exchanges, the Registrars to an Issue and Share Transfer Agents (RTAs) and Depository Participants (DPs) registered with SEBI, at least two days before the opening of the issue. This shall be in addition to ASBA forms which shall be sent to controlling branch of SCSBs for sending to designated branches other than those located in mandatory collection center.
 - ii) LM is advised to ensure that the ASBA mode of payment is highlighted in bold in all the advertisement / communication informing about the issue. Further, LM is also advised to ensure that the following is suitably incorporated in all advertisements / communications regarding the issue issued by the issuer:



- a. The following may appear just below the price information of the issue as shown below:

“PRICE BAND: RS. xx TO RS. xx PER EQUITY SHARE OF FACE VALUE OF RS. xx EACH

THE FLOOR PRICE IS xx TIMES OF THE FACE VALUE AND THE CAP PRICE IS xx TIMES OF THE FACE VALUE

BID CAN BE MADE FOR A MINIMUM OF xx EQUITY SHARES AND IN MULTIPLES OF xx EQUITY SHARES THEREAFTER.

ASBA

(APPLICATION SUPPORTED BY BLOCKED AMOUNT)

Simple, Safe, Smart way of Application !!!

Mandatory in public issue .No cheque will be accepted



now available in ASBA for retail individual investors.

ASBA is a better way of applying to issues by simply blocking the fund in the bank account. For further details check section on ASBA below.”

- b. The following paragraph on ASBA may be inserted in the advertisement/Communications:

“ASBA has to be availed by all the investors except anchor investors. UPI may be availed by Retail Individual Investors.

For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section “Issue Procedure - Issue Procedure of ASBA Bidders” beginning on page xxx of the Red Herring Prospectus. The process is also available on the website of AIBI and Exchanges in the General Information Document.”

*ASBA bid-cum application forms can be downloaded from the websites of Bombay Stock Exchange and National Stock Exchange and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in. ** List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in **.*


