



# A.K. Stockmart Pvt. Ltd.



Public Issue of Secured Redeemable Non-Convertible  
Debentures and Unsecured, Subordinated,  
Redeemable, Non-Convertible Debentures  
Of  
TATA CAPITAL FINANCIAL SERVICES LIMITED

September 10, 2018 - September 21, 2018





## TATA CAPITAL FINANCIAL SERVICES LIMITED

### INVESTMENT RATIONALE

- The issue offers yields ranging from 8.70% to 9.10% depending up on the Category of Investor and the option applied for.
- Credit Rating of "CRISIL AAA / Stable" for an amount of Rs 7,500 Crore, by CRISIL Limited and "CARE AAA; Stable" for an amount of Rs 7,500 Crore, by CARE Ratings Limited.
- The NCDs are proposed to be listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). BSE is the Designated Stock Exchange.
- Public issue by Tata Capital Financial Services Limited of Secured Redeemable Non-Convertible Debentures of face value of Rs. 1,000 each ("Secured NCDs") and Unsecured Redeemable Non-Convertible Debentures of face value of Rs 1,000 each ("Unsecured NCDs") for an amount of Rs 2,000 crore ("Base Issue Size") with an option to retain oversubscription up to Rs 5,500 crore aggregating up to Rs 7,500 crore ("Tranche I Issue Limit") ("Tranche I Issue"). Issue of Secured NCDs up to Rs.6,000 crore and Unsecured NCDs up to Rs.1,500 crore, aggregating up to Rs.7,500 crore. The Unsecured NCDs shall be in the nature of Subordinated debt and will be eligible for inclusion as Tier II Capital.

### COMPANY PROFILE

- **Tata Capital Financial Services Limited** (TCFSL) is a Systemically Important Non-Deposit Accepting Non-Banking Financial Company ("ND-SI-NBFC") focused on providing a broad suite of financing products customized to cater the needs of various segments.
- TCFSL was incorporated in 2010 and was registered with the RBI to commence the business of an NBFC without accepting the public deposit with effect from November 04, 2011.
- TCFSL's financing products include Corporate Finance and Consumer Finance. The corporate finance division offers commercial finance which offers vanilla term loans, working capital term loans, channel finance, bill discounting, construction equipment finance, leasing solutions, lease rental discounting, promoter finance and structured products. The consumer finance and advisory business division offers a wide range of consumer loans such as car and two wheeler loans, commercial vehicle loans, tractor loans, business loans, loans against property, personal loans, consumer durable loans and loans against securities.
- TCFSL is promoted by and is wholly owned subsidiary of Tata Capital Limited (TCL). TCL is a diversified financial services company providing services through its subsidiaries to retail, corporate and institutional clients. TCL is the financial services arm of the Tata group, which is a diversified global business group serving a wide range of customers across varied sectors such as steel, motors, power, chemicals, telecommunications and hospitality.
- TCFSL has a robust marketing and distribution network which provides customers a diversified financial services platform with presence in 23 states through 134 offices as on June 30, 2018.
- TCFSL's income from operations witnessed a CAGR of 13.11% from Rs. 2,783.13 crore in Fiscal 2014 to Rs.4,555.37 crore in Fiscal 2018 and profit after tax witnessed a CAGR of 29.40% from Rs. 172.13 crore in Fiscal 2014 to Rs.482.58 crore in Fiscal 2018.
- The loan and advances outstanding of the company has witnessed CAGR of 14.01% from Rs.21,851.08 crore in FY14 to Rs.36,913.24 crore in FY18.
- The CRAR, as of March 31, 2018 computed on the basis of applicable RBI requirements was 16.68% compared to the RBI stipulated minimum requirement of 15% as per the Prudential Norms of RBI. The gross NPAs and net NPAs as a percentage of total loan and advances outstanding was 3.32% and 0.90% respectively as of March 31, 2018.

**Source: Shelf Prospectus and Tranche I Prospectus dated 29<sup>th</sup> Aug 2018**

**Disclaimer: Invest only after referring to the final prospectus**

**STRENGTHS**

- ***Integrated financial services platform***

TCFSL's customers benefit from the company's integrated financial services platform, offering a cross section of financial services and products, including retail, small and medium enterprises, finance, construction equipment finance, leasing finance, rural finance and marketing of Tata cards. TCFSL's focus on coverage and ability to provide innovative solutions enables it to establish long-term relationships with corporate and retail clients. The company's business model is based on providing services where they employ dedicated relationship and product managers for each key business line. This enables them to create capabilities and expertise for each product.

- ***Diversified and balanced mix of businesses***

TCFSL's present mix of business includes corporate finance and consumer finance. It provides integrated financial services while maintaining a diversified and balanced mix of businesses. The company continues to explore further opportunities to set up new business and widen their product portfolio to include products and services that would complement their current offerings and would help them to leverage their existing expertise. TCFSL's presence in diverse lines of businesses across asset classes enables it to mitigate risks arising from product and client concentration.

- ***Robust internal processes and risk management framework***

TCFSL has a strong internal control and risk management systems to assess and monitor risks across their various business lines. TCFSL's key business processes are regularly monitored by the respective heads of business. TCFSL has necessary internal controls and risk management systems to assess and monitor risks across various business lines. TCFSL's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliances with laws and regulations.

- ***Synergy and parentage of Tata group***

Tata group is a global enterprise, headquartered in India, and has its presence in varied sectors. The group's long standing operations in various sectors such as steel, motors, chemicals, hospitality, financial services etc. have resulted in establishing 'Tata' as a recognized brand. Relationship that Tata group has developed provides instant brand recognition. Furthermore, TCFSL derives certain business synergies from their promoter which helps them in sourcing customers, expanding the operational network and increasing market penetration.

- ***Widespread operational network***

TCFSL's scale of operational network provides competitive advantage. TCFSL operates an extensive network of 134 offices spanning across 23 states, as of June 30, 2018. TCFSL's widespread office network reduces their reliance on any one region in India and allows them to apply best practices developed in one region to other regions. TCFSL's geographic diversification also mitigates some of the regional, climatic and cyclical risks. The company has developed an effective office network in rural and semi-urban areas provide them with a significant first mover advantage over their competitors.

- ***Strong and experienced management team***

TCFSL's expertise and industry knowledge of board of directors and senior management team has enabled them to accelerate the growth in the company's business. In addition, their product and operational leaders also have experience in the finance industry. TCFSL's management team and professionals, who are supported by a qualified pool of employees, provides them with a distinct competitive advantage and also benefits the company in respect to the development of products which enables them to focus on geographical expansion, reduction in cost and execution of business plan.

**Source: Shelf Prospectus and Tranche I Prospectus dated 29<sup>th</sup> Aug 2018**

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**ISSUE STRUCTURE**

<b>Issuer</b>	<b>Tata Capital Financial Services Limited</b>					
<b>Lead Managers</b>	A. K. Capital Services Limited, Edelweiss Financial Services Limited and Axis Bank Limited					
<b>Type and nature of instrument</b>	Secured Redeemable Non-Convertible Debentures and Unsecured Subordinated Redeemable Non-Convertible Debentures eligible for inclusion as Tier II capital					
<b>Base Issue Size</b>	Rs.2,000 crore					
<b>Option to retain Oversubscription Amount</b>	Upto Rs.7,500 crore					
<b>Face Value (in Rs./ NCD)</b>	Rs.1,000					
<b>Minimum application</b>	Rs.10,000 (10 NCDs) collectively across all the Options and in multiples of Rs.1,000 (1 NCD) after the minimum application amount across all the Options in this Tranche I Issue					
<b>Seniority</b>	Senior (to clarify, the claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The Secured NCDs would constitute secured obligations of ours and shall rank <i>pari passu inter se</i> , present and future and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first ranking <i>pari passu</i> charge on the identified immovable property and on identified book debts, loans and advances, and receivables, both present and future, of TCFSL. No security will be created for Unsecured NCDs in the nature of Subordinated Debt. The rated, listed, redeemable Unsecured NCDs are in the nature of subordinated debt and will be eligible for Tier II Capital.					
<b>Mode of Issue</b>	Public Issue					
<b>Issue</b>	Public issue by TCFSL of Secured NCDs and Unsecured NCDs of face value of Rs.1,000, for an amount aggregating up to Rs.7,500 crore (" <b>Shelf Limit</b> "), hereinafter referred to as the " <b>Issue</b> ". The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II Capital.					
<b>Tranche I Issue</b>	Public issue by the Issuer of Secured NCDs up to Rs.6,000 crore and Unsecured NCDs up to Rs.1,500 crore, aggregating up to Rs.7,500 crore					
<b>Listing</b>	BSE and NSE. BSE shall be the Designated Stock Exchange for the Issue. The NCDs shall be listed within 12 Working Days from the respective Issue Closing Date.					
<b>Mode of Allotment and Trading</b>	NCDs will be issued and traded compulsorily in dematerialised form.					
<b>Market / Trading Lot</b>	1 (one) NCD					
<b>Security</b>	The principal amount of the Secured NCDs to be issued in terms of this Issue together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking <i>pari passu</i> charge on the identified immovable property and on identified book debts, loans and advances, and receivables, both present and future, of TCFSL. TCFSL will create the security for the Secured NCDs in favour of the Debenture Trustee for the NCD Holders on the assets to ensure 100% security cover of the amount outstanding in respect of the Secured NCDs, including interest thereon, at any time.					
<b>Credit Ratings</b>	<b>Rating agency</b>	<b>Instrument</b>	<b>Rating symbol</b>	<b>Date of credit rating letter</b>	<b>Amount rated</b>	<b>Rating definition</b>
	CRISIL Limited	Secured NCDs and Unsecured Subordinated NCDs	CRISIL AAA / Stable	August 15, 2018 and further revalidated by letter dated August 27, 2018	Rs.7,500 crore	Stable
	CARE Ratings Limited	Secured NCDs and Unsecured Subordinated NCDs	CARE AAA; Stable	August 14, 2018 and further revalidated by letter dated August 27, 2018	Rs.7,500 crore	Stable
<b>Pay-in date</b>	Application Date. The entire Application Amount is payable on Application.					
<b>Record Date</b>	15 days prior to the date of payment of interest, and/or the date of redemption for NCDs issued under the relevant Tranche Prospectus, or as may be otherwise prescribed by the Stock Exchanges. In case the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by TCFSL to the Stock Exchanges shall be considered as Record Date.					
<b>Day count convention</b>	Actual/Actual basis					
<b>Issue Opening Date</b>	September 10, 2018					
<b>Issue Closing Date</b>	September 21, 2018*					
	*The Tranche I Issue shall remain open for subscription on Working Days from 10 a.m. (IST) to 5 p.m. (IST) during the period indicated above, except that the Tranche I Issue may close on such earlier date or extended date as may be decided by the Board or the Working Committee, as the case may be. In the event of an early closure or extension of the Tranche I Issue, TCFSL shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Tranche I Issue closure. On the Issue Closing Date, the Application Forms for Tranche I Issue will be accepted only between 10 a.m. (IST) and 3 p.m. (IST) and uploaded until 5 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges.					
<b>Default interest rate</b>	In the event of any default in fulfillment of obligations by TCFSL under the Debenture Trust Deed, the default interest rate payable to the applicant shall be as prescribed under the Debenture Trust Deed.					
<b>Interest on Application Amount/ Interest on monies received which are liable to be refunded</b>	TCFSL shall pay interest at the rate of the respective applicable coupon rate for the Options of NCDs allotted to investors, , on the Application Amount against which NCDs are allotted to the Applicants. TCFSL shall pay interest at the rate of 6% per annum, on the Application Amount on all valid Applications, which is liable to be refunded to the Applicants.					
<b>Deemed Date of Allotment</b>	The date on which the Board or the Working Committee approves the Allotment of the NCDs for the Tranche I Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment.					

**Source: Shelf Prospectus and Tranche I Prospectus dated 29<sup>th</sup> Aug 2018**

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**THE SPECIFIC TERMS OF EACH OPTION OF NCDs**

Options/Series	I	II	III
Frequency of Interest Payment	Annual	Annual	Annual
Who can apply	<b>All category of investors can subscribe to all Options of NCDs</b>		
Minimum Application	Rs 10,000 (10 NCDs) across all Options collectively		
In multiples of thereafter	Rs 1,000 (1 NCD)	Rs 1,000 (1 NCD)	Rs 1,000 (1 NCD)
Face Value of NCDs (Rs / NCD)	Rs 1,000	Rs 1,000	Rs 1,000
Issue Price (Rs / NCD)	Rs 1,000	Rs 1,000	Rs 1,000
Tenor from Deemed Date of Allotment	3 years	5 years	10 years
Coupon Rate			
Category I and Category II	8.70%	8.80%	9.00%
Category III and Category IV	8.80%	8.90%	9.10%
Effective Yield (Per annum)			
Category I and Category II	8.70%	8.80%	9.00%
Category III and Category IV	8.80%	8.90%	9.10%
Mode of Interest Payment	Through various options available		
Redemption Amount (Rs / NCD)****	Rs 1,000	Rs 1,000	Rs 1,000
Maturity Date (From Deemed Date of Allotment)	3 years	5 years	10 years
Nature of indebtedness	Secured, rated and listed non-convertible debentures	Secured, rated and listed non-convertible debentures	Unsecured, Subordinated rated and listed non-convertible debentures eligible for inclusion as Tier II capital

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

**MODES OF MAKING APPLICATIONS**

Mode of Application	To whom the Application Form has to be submitted
ASBA Applications	(i) to the Consortium only at the Syndicate ASBA Application Locations; or (ii) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (iii) to Trading Members only at the Syndicate ASBA Application Locations.
Non- ASBA Applications	(i) to the Consortium; or (ii) to Trading Members.

**ALLOCATION Ratio**

Institutional Portion	Non-Institutional Portion	Individual Category Portion	Retail Individual Category Portion
20%	20%	30%	30%

**Source: Shelf Prospectus and Tranche I Prospectus dated 29<sup>th</sup> Aug 2018**

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**INVESTOR CATEGORIES AND ALLOTMENT**

Category I	Category II	Category III	Category IV
Institutional Investors	Non Institutional Investors	High Net-worth Individual, ("HNIs"), Investors	Retail Individual Investors
<ul style="list-style-type: none"> <li>Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;</li> <li>Provident funds and pension funds with a minimum corpus of Rs. 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;</li> <li>Mutual funds registered with SEBI;</li> <li>Resident Venture Capital Funds/Alternative Investment Funds registered with SEBI;</li> <li>Insurance companies registered with the IRDAI;</li> <li>State industrial development corporations;</li> <li>Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements; and</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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;</li> <li>Co-operative banks and regional rural banks;</li> <li>Trusts including Public/private charitable/religious trusts which are authorised to invest in the NCDs;</li> <li>Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>Partnership firms in the name of the partners; and</li> <li>Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009).</li> <li>Association of Persons; and</li> <li>Any other incorporated and/ or unincorporated body of persons.</li> </ul>	<ul style="list-style-type: none"> <li>Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above Rs. 1,000,000 across all options of NCDs in the Issue</li> </ul>	<ul style="list-style-type: none"> <li>Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including Rs. 1,000,000 across all options of NCDs in the Issue</li> </ul>

**APPLICATIONS CANNOT BE MADE BY**

- Minors without a guardian name\* (A guardian may apply on behalf of a minor. However, the name of the guardian will also need to be mentioned on the Application Form);
- Foreign nationals;
- Persons resident outside India;
- Foreign Institutional Investors;
- Foreign Portfolio Investors;
- Non Resident Indians;
- Qualified Foreign Investors;
- Overseas Corporate Bodies;
- Foreign Venture Capital Funds;
- Persons ineligible to contract under applicable statutory/ regulatory requirements.

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

**Source: Shelf Prospectus and Tranche I Prospectus dated 29<sup>th</sup> Aug 2018**

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**Key Operational and Financial Parameters on a consolidated basis:**

Parameters	Fiscal 2016	Fiscal 2017	Fiscal 2018
	(Rs. crore except number of accounts / groups)		
Net worth*	3,463.28	3,894.54	4,773.68
Total debt	25,385.71	27,284.09	31,338.65
i) Non current maturities of long term borrowings	11,854.72	9,456.84	12,867.61
ii) Short term borrowings	9,732.69	10,066.30	12,930.81
iii) Current maturities of long term borrowings	3,798.30	7,760.95	5,540.23
Net fixed assets	713.12	793.34	714.54
Non current assets**	1,441.75	981.81	1,068.30
Cash and cash equivalents***	44.98	73.40	125.34
Current investments	29.24	7.94	1.70
Current assets****	245.37	436.16	458.00
Current liabilities	1,829.79	2,716.94	2,714.73
AUM	28,796.80	32,207.47	36,913.24
Off balance sheet assets	2,330.19	3,064.28	3,454.30
Interest income from funding activities	3,178.10	3,846.60	4,207.01
Interest expense	1,941.16	2,211.62	2,230.74
Provisioning and write – offs	330.94	601.73	316.88
PAT	265.79	215.98	482.58
Gross NPA (%)	5.34	4.94	3.32
Net NPA (%)	3.13	1.22	0.90
Tier I Capital Adequacy Ratio (%)	11.79	11.78	12.68
Tier II Capital Adequacy Ratio (%)	4.55	4.29	4.00

\*Net worth means share capital plus reserves less miscellaneous expenditure to the extent not written off.

\*\* Non current assets includes non-current investments, deferred tax assets (net), long term loans and advances- others and other non-current assets.

\*\*\* Cash and bank equivalents comprise cash and bank equivalents.

\*\*\*\* Current assets includes trade receivables, other short term loans and advances and other current assets.

**Gross Debt Equity Ratio of the Company**

Before the issue of debt securities	6.73
After the issue of debt securities	8.30

**Source: Shelf Prospectus and Tranche I Prospectus dated 29<sup>th</sup> Aug 2018**

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**DISCLAIMER:****‘The investors shall invest only on the basis of information contained in the final prospectus’**

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**A.K. StockmartPvt.Ltd.**

30-39, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400 021  
Tel. No.: 91-22-67546500 / 67544744 Fax.: 91-22-67544666