

Pre bid Queries & Responses-Domestic Legal Counsel

S. No.	Query	Response
1.	<p>Para 4.B, point 4- The Companies Act, 2013 has been in force for significant period of time and therefore, we assume that <u>the memorandum and articles of association of the Company have been updated and are compliant with the provisions of the Companies Act, 2013</u>. Given our recent experience, we suggest that this confirmation can be provided as part of the RFP.</p> <p>Accordingly, we suggest the following change:</p> <p><i>“Reviewing and amending the memorandum and articles of association of the Company for compliance with SEBI / stock exchange / other regulatory requirements. It is confirmed that the memorandum and articles of association of the Company are already compliant with the Companies Act, 2013.”</i></p>	<p>Agree and confirm to the changes suggested.</p>
2.	<p>Para 4.B, point 8- Given the primary role of the domestic legal counsel to the Company is to draft and keep control of the non-business sections of the offer documents, we suggest the following changes:</p> <p><i>“Assistance in review of the Offer Documents and ensuring that all legal descriptions are complete and accurate; incorporating comments from the Company and each of the BRLMs, as appropriate, to the non-business sections of the Offer Documents and assist periodic updates to the non-business sections of the Offer Documents until the Offer Document is finalized and filed with SEBI.”</i></p>	<p>Do not agree with the change.</p> <p>Review of all the offer documents is a part of the scope of work except the audited financial statement. It is clarified that the customary detailed opinion/closing opinion should cover the entire offer document including business and non-business section.</p>
3.	<p>Para 4.B, point 9- Consistent with the past practice in IPOs, the domestic legal counsel to the Company should be required to issue the opinion at the time of filing of the draft offer document. We suggest the following changes:</p> <p><i>“Certification that the Offer Documents comply with all applicable statutes and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, guidelines, including the Companies Act, 1956 and 2013 (to the extent applicable) and other relevant statutes, as amended and that all disclosures required thereunder have been made. This certificate is to be issued at the time of respective filing of the draft Offer Documents.”</i></p>	<p>Agree with the changes suggested</p>

4.	Para 4.C, point 2- While the domestic legal counsel to the Company will be responsible for drafting the Registrar and Ad Agency agreement, preparing or customizing drafts of the <u>Share Escrow Agreement</u> shall be the responsibility of the BRLMs Indian legal counsel as customary for other IPOs.	Though the DLC for the Company is responsible for drafting / vetting of the Registrar and the Ad Agency Agreements. However, the drafting / review of the Share Escrow Agreement, Syndicate Agreement shall be within the scope of work of the DLC for the BRLM.
5.	Para 4.F, point 2- Consistent with the other IPOs, we suggest that advising selling shareholders should be a part of the separate mandate which will be discussed and finalized between the selling shareholders and their respective domestic legal counsel.	The suggestion is agreeable and limited only to the Investor Shareholder, but not applicable to the Promoter Shareholder.
6.	Para 4.F, point 5: We suggest deletion of this point entirely or modifying it by addition of the underlined text. In case deletion is not acceptable, the revised clause could read <i>“To assist the Company in Tender documents/ agreements in connection with the selection and appointment of intermediaries <u>in relation to the Proposed Transaction</u> and attend pre-bid meetings/ other meetings in connection therewith”</i> .	Agree with the revised clause
7.	Para 5.4-We suggest the following changes to align with Paragraph 3.5 of the RFP in the following manner: <i>“It is certified that no conflict of interest exists, which is prejudicial to the interests of the Company, as on date except as disclosed explicitly and if in future such a conflict of interest arises we will intimate the same to the Company.”</i>	Agree with the change with further suggestions “It is certified that no conflict of interest exists, <u>which is prejudicial to the interests of the Company or its Shareholders</u> , as on date except as disclosed explicitly and if in future such a conflict of interest arises we will intimate the same to the Company.”
8.	Para 5.4- Given that we, as a professional firm, from time to time advise a variety of clients, including those who may be engaged in the financial services sector or who also provide payment solutions to their customers and this undertaking is very wide and restrictive and is likely to impact other bidders as well, we suggest the deletion of the following language from the undertaking: <i>“we will not accept a written or a verbal mandate for an initial public offering of equity of a banking and financial sector company (whose primary business is selling credit cards or providing payment solutions) to be listed on an Indian stock exchange.”</i>	We had during the meeting kept this onhold, however after internal deliberation again, we would like to retain the language as mentioned in the RFP.

9.	Para 4A (page 5-6)- Please confirm the domestic legal counsel to the Company will not draft any internal corporate policies or ESOP scheme – we assume this will be prepared by the Company’s ESOP/other consultants; the domestic legal counsel to the Company will review these for purposes of disclosure in the offer documents.	Agree and confirm the understanding
10.	Para 4B (page 6)- Please confirm the domestic legal counsel to the Company will review the memorandum and articles of association of the Company for compliance with the SEBI and stock exchange requirements in relation to the proposed IPO and not for other regulatory requirements.	Agree and confirm the understanding
11.	Para 4B (page 7)- Please confirm the domestic legal counsel to the underwriters will consolidate comments of all the BRLMs and provide such consolidated comments to the domestic legal counsel to the Company for inclusion in the offer document.	Agree and confirm the understanding
12.	Para 4B (page 7)- As is customary in IPOs, the domestic legal counsel to the Company will provide certification that the DRHP complies with applicable statutory requirements – this certification will not be repeated at the RHP and Prospectus stage, instead an opinion will be given at closing of the IPO which will cover the RHP and Prospectus.	Agree and confirm the understanding
13.	Para 4B (page 7)- Please confirm the domestic legal counsel to the Company will review and comment on the abridged prospectus, which will be drafted by the BRLMs.	Agree and confirm the understanding
14.	Para 4B (page 7)- Please confirm the domestic legal counsel to the Company will prepare the publicity guidelines under Indian law; the international counsel will provide publicity guidelines for international jurisdictions.	Agree and confirm the understanding
15.	Para 4B (page 7)- Please confirm the international counsel (and not the domestic legal counsels) will interact with auditors and negotiate and finalize the comfort letter; the domestic legal counsel to the underwriters will coordinate with the auditors in relation to other auditor deliverables/certifications.	Agree. This shall be undertaken by the DLC of the BRLM.
16.	Para 4B (page 7)- Please confirm the domestic legal counsel to the Company will prepare the drafts of applications for approval to be filed with the regulators in connection with the IPO, if required; however, the filing and processing of the applications is not undertaken by the domestic legal counsel to the Company.	Agree and confirm the understanding

17.	Para 4B (page 7)- Please confirm the domestic legal counsel to the Company will review the closing certificates, which will be drafted by the domestic legal counsel to the underwriters; however the domestic legal counsel to the Company does not draft or review any closing checklist – a SEBI checklist is prepared by the domestic legal counsel to the underwriters at the time of filing of the DRHP.	The closing certificates will be drafted and vetted in consultation with the DLC for the underwriters. The closing checklist if not applicable may be omitted.
18.	Para 4E (page 8)- Please confirm that the BRLMs (and not the domestic legal counsel to the Company) will advise the Company on the method and modalities of allotment of shares after completion of the IPO.	The DLC will also assist the company in the post IPO formalities, as may be applicable or required.
19.	Para 4F (page 9)-Please confirm that in case of selling shareholders who are PE investors, the domestic legal counsel to the Company will not be required to advise such selling shareholders as they are representing the Company and such selling shareholders will have their own counsel. Further, certifications and consents expected from selling shareholders are drafted by the domestic legal counsel to the underwriters as part of the standard certifications.	Agree.
20.	Para 4F (page 9)- please confirm that the primary responsibility for the website is that of Company; the domestic legal counsel to the Company suggests broad changes to be made to the website for conformity with the offer document.	Agree.
21.	<p>Para 5.4 (page 10)- there is an undertaking that “without the consent of the Company and the Selling Shareholder(s)....,while engaged in writing by the Company and the Selling Shareholder(s) as DLC, until the listing of the Company’s securities on an Indian Stock exchanges, we will not accept a written or a verbal mandate for an initial public offering of equity of a banking and financial sector company (whose primary business is selling credit cards or providing payment solutions) to be listed on an Indian stock exchange.”</p> <p>As Indian counsel, we frequently represent either issuers or underwriters on IPOs in the same industry. This is not a conflict of interest and as lawyers we are bound by confidentiality obligations. A non-compete such as this is not customary in prior GoI/SBI RFPs and is also very broad (for example, “payments solutions” provider would cover a gamut of new age technology companies). We will certify that there is no conflict of interest as on date and disclose any such future conflicts of interest as per para 5.4 but it will be difficult to agree to such an undertaking and limitation on our ability to work as lawyers.</p>	Once appointed as a DLC for SBI Card and till the time the IPO process is completed, the company as well as the selling shareholders need to be aware of any potential conflict of interest that may arise. The undertaking does not stipulate any embargo on the DLC but only requires prior permission from the Company and the selling shareholders. This is a critical requirement laid down by our IPO committee

22.	Para 11.2 (page 15)- specifies that all bills of the domestic legal counsel to the Company will be payable only after successful and satisfactory closure of the transaction and that no drop dead fee will be payable in case the Company calls off the transaction. As you would appreciate, we would expect to incur significant time and resources on the IPO. The market practice is that the fees of the legal counsels in the IPO are paid at predetermined milestones (for example, payment of 10% of the agreed fee on circulation of the draft DRHP, 20% on filing of the DRHP with the SEBI, 30% on receipt of the SEBI observations, 20% on circulation of the RHP and remaining on closing of the IPO). Could you kindly clarify that payment of fees of the domestic legal counsel to the Company will be paid at the achievement of such predetermined milestones.	We may consider a milestone based payment of the fees upon achievement of certain critical milestones, however these milestones shall be mutually agreed upon selection of the bidder.
23.	Considering that the tems "BFS" and "BFSI" have been used interchangeably as part of the RFP, could you please confirm whether eligible applicants will be adjudged ontheir past experience with respect to capital market transactions involving companies operating in the banking and financial sector and not in the insurance sector, as stated on page 13 of such RFP?	Please note that the experience in the insurance sector would also be considered for selection of the DLC. The clause 5.1 of the RFP stipulates the minimum requirement of handling of atleast one domestic equity issue (IPO/QIP/ FPO) of the size of Rs 1500 crore or moe during the period from July 01, 2015 to June 30, 2019 in the area of Banking, Financial Services and Insurance Sector in India. Nonetheless, insurance experience or expertise is not a mandatory requirement and insignificant prior experience in the insurance sector would not disqualify a bidder.
24.	Clause 9 (Section I of the Technical Evaluation)- We understand that a total weightage of 25% is cumulatively accorded to bidders' prior experience in handling (i) capital markets transactions in the last four years; and (ii) domestic equity issues of Rs 1,500 crores or more. Is there an individual weightage accorded to the two aforesaid criterion?	25% represents the cumulative weightage
25.	Clause 9 (Section III of the Technical Evaluation)- In relation to the details of public offerings handled from 1st July 2015 to 30th June 2019 in the banking and finance sector, can the details of the QIPs during the said period also be included as part of our submission?	Yes. You may include the same and also IPO and FPO done during this period.

26.	Clause 9 (Section VI of the Technical Evaluation)- In relation to past experience in handling deals with SBI Card/group entities of SBI, do we have to list only those deals wherein we have advised SBI Card or the group entities of SBI, or could we also include transactions wherein such entities were involved as counter parties?	Please include only those deals where you had advised SBI Card or its group entities
Additional Questions		
27.	Would the scope of work also entail amendment of Shareholders' Agreements.	No the same is not intended to be included and can be undertaken separately, if required.