

BANKING REGULATION / HOLDING STRUCTURES

RBI shuts the side door: Tata Sons told to list

The Reserve Bank has refused Tata Sons’ request to surrender its core investment company registration and, on reports of its 11 September communication, directed the group holding company to proceed with a stock-exchange listing — closing the route it had pursued since clearing its debt in 2024.

The sequence matters. In September 2022 the Reserve Bank placed Tata Sons among sixteen non-banking financial companies in the upper layer of its scale-based framework — a classification that carries an obligation to list within three years. That clock ran out on 30 September 2025 with the company still unlisted.

Rather than prepare an offering, Tata Sons took another route. During FY24 it repaid ₹21,813 crore of borrowings and applied to surrender its certificate of registration as a core investment company. Had the surrender been accepted, it could have operated as an unregistered CIC and, on one reading, stepped outside the listing mandate altogether.

The application then sat undecided for two years. In June 2026 the Reserve Bank replaced its parametric test for upper-layer entities with a principle-based framework turning chiefly on asset size — ₹1 lakh crore on the latest audited balance sheet. When the revised list appeared on 6

August, Tata Sons was retained on it, expressly without prejudice to the pending application.

Repaying the debt did not dissolve the obligation. It is the classification, not the leverage, that compels a listing.

The answer came on 11 September. Reports of the Reserve Bank’s letter indicate that the surrender request could not be accepted and that the company has been asked to move to an immediate listing. Neither the Reserve Bank nor Tata Sons has published the correspondence, and no mechanism or timetable has been announced.

For advisers the reasoning is the point. A classification, once triggered, is not undone by curing the facts that attracted it. Debt-free status does not convert a core investment company into something else, and a voluntary surrender application is a request, not an election. Every

large group holding vehicle near the threshold should treat upper-layer status as a live structural exposure rather than a registration formality, and map in advance what a compelled listing would do to its constitutional documents and shareholder arrangements.

The shareholder dimension sharpens it further. Tata Trusts holds roughly 66 per cent and has resisted a listing that would dilute its grip on the group; the Shapoorji Pallonji group, with about 18.5 per cent, has pressed for one since the 2024 annual general meeting as a route to monetising a stake it cannot otherwise sell. A listing would bring the LODR disclosure regime, a related-party approval architecture and minimum public shareholding to an entity whose affairs have never been public. CRISIL put the portfolio’s market value near ₹13.2 lakh crore in April; an offering of that scale would be the defining Indian capital markets event of the coming year.

CAPITAL MARKETS

NSE’s ₹22,569 crore offer opens on Thursday

The National Stock Exchange has fixed a price band of ₹1,700 to ₹1,785 a share. The anchor book opens on 16 September, the issue runs from 17 to 21 September, and listing on BSE is expected around 24 September.

SEBI cleared the offering on 4 September, a day after the Supreme Court disposed of the regulator’s co-location and dark-fibre appeals following the exchange’s ₹1,491.21 crore settlement — removing the obstacle that had held the listing back since the first draft prospectus in 2016.

The issue is entirely an offer for sale, trimmed to about 12.64 crore shares from the 14.89 crore proposed in the draft, so no proceeds accrue to the exchange. At the top of the band it implies a valuation near ₹4.42 lakh crore and ranks as India’s second-largest public issue, above LIC and behind Hyundai Motor India.

SEBI OBSERVATION LETTER · RED HERRING PROSPECTUS

CORPORATE COMPLIANCE

Last day tomorrow for the ROC amnesty

The Companies Compliance Facilitation Scheme, 2026 closes on 15 September. General Circular 04/2026 of 31 August moved the date on from 31 August, changed nothing else, and holds out no prospect of a further extension.

Within the window a company clears pending annual filings on payment of normal fees plus only 10 per cent of additional fees, a 90 per cent waiver. MGT-7 and 7A, the AOC-4 series, ADT-1, FC-3 and FC-4 and legacy 1956 Act forms are covered, with dormancy under MSC-1 at half fees and voluntary strike-off under STK-2 at a quarter. The scheme reaches companies, not LLPs. Nearly 93,000 Indian companies had used it by mid-July.

From 16 September the full additional-fee ladder returns, along with adjudication exposure on the underlying defaults.

MCA GENERAL CIRCULARS 01/2026, 03/2026 AND 04/2026

MERGERS & ACQUISITIONS

Tata Motors’ €3.82 billion tender for Iveco opens

The all-cash voluntary tender offer for Iveco Group, made through TML CV Holdings, opened on 7 September at €14.10 a share after Consob approved the offer document. Acceptances run to 26 October, with an extraordinary general meeting on 16 October.

Exor has irrevocably committed to tender about 27.06 per cent of the common shares, carrying 43.19 per cent of the voting rights, and the Iveco board has recommended acceptance. The minimum acceptance condition is 95 per cent; between 80 and 95 per cent the offeror intends to implement a post-offer demerger and liquidation if approved at the meeting.

It is the largest overseas acquisition Tata Motors has attempted, and the mechanics — irrevocables, a squeeze-out threshold and a fallback reorganisation — repay close reading by any Indian acquirer eyeing a European public target.

JOINT ANNOUNCEMENT OF 4 SEPTEMBER · CONSOB-APPROVED OFFER DOCUMENT

AML & PAYMENTS

A 60-day ceiling on money-mule freezes

Draft KYC (Amendment) Directions issued on 11 September propose a standard operating procedure, mandated by a Supreme Court order of 4 August, governing how banks place temporary debit holds on accounts suspected of money-mule activity or cyber-enabled fraud.

A hold must go on immediately and the customer must be told the same day by digital channel. The account holder then has 20 days to explain; the bank has 10 days to decide, or 30 if nothing is received, before releasing the funds or referring the matter to the jurisdictional police. Absent a law-enforcement direction the hold lapses — 60 days is the outer limit.

The trigger is low: any flagged transaction of ₹1,000 or more, including one picked up by a model. Account-level holds are a last resort; nodal, pool, escrow, dividend and share-capital accounts are outside scope. Failure to file a suspicious transaction report on an established mule account is deemed non-compliance in its own right. Comments close 2 October; proposed effect 1 April 2027.

PRESS RELEASE 2026-2027/1109 · DOR.AML.REC.NO./14-01-001/2026-27

INSOLVENCY

IBBI turns the screw on misuse of the Code

A circular effective 9 September directs insolvency professionals to stay alert to misuse of the insolvency framework and to enquire further wherever indicators suggest that a resolution or liquidation process is being run for a fraudulent or malicious purpose — carrying into practice the nine-indicator screen floated in the Board’s August discussion paper, and pointing professionals towards a Section 65 reference.

A second paper, issued on 14 September, proposes four safeguards in personal guarantor insolvency: excluding related parties from creditor voting, reporting avoidance transactions, valuing the guarantor’s assets as a matter of course, and recording creditor deliberations. Comments close on 3 October. Separately, the extended window for filing PGIRP-1 to PGIRP-6 forms ends on 30 September.

IBBI CIRCULAR OF 9 SEPTEMBER · DISCUSSION PAPER OF 14 SEPTEMBER 2026

ECONOMY

Prices harden ahead of the October review

Data released on 14 September put retail inflation at 4.82 per cent in August, up from 4.45 per cent in July, with food inflation at 5.95 per cent and the rural rate, at 5.23 per cent, running well above the urban 4.31 per cent.

Wholesale inflation rose to 9.92 per cent from 9.78 per cent, driven by fuel and power at 22.93 per cent; primary articles eased to 7.76 per cent while manufactured products edged up to 8.37 per cent.

The Monetary Policy Committee has held the repo rate at 5.25 per cent through four consecutive reviews on a neutral stance. It next meets from 5 to 7 October, and the gap between a contained headline number and a near double-digit wholesale print is the tension it will have to explain.

MOSPI AND MINISTRY OF COMMERCE & INDUSTRY RELEASES, 14 SEPTEMBER 2026

IN BRIEF

COMMODITY DERIVATIVES · 9 SEPTEMBER

SEBI revised the penalty formula for breaches of position limits, redefined “Broad Commodity” and reset client-level position limits by commodity category, with immediate effect.

ALTERNATIVE INVESTMENT FUNDS · 7 SEPTEMBER

Existing angel funds now have until 31 March 2027, rather than 8 September 2026, to complete the shift to accredited investors only. The 200-investor cap for non-accredited investors is unchanged.

FOREIGN PORTFOLIO INVESTORS · 7 SEPTEMBER

The investor-group disclosure exemption now reaches every FPI holding only government securities; the Fully Accessible Route condition has been dropped.

TOKENISATION · 10 SEPTEMBER

SEBI and the Reserve Bank launched “Demat 2.0”, issuing corporate bonds as digital tokens settled atomically in wholesale CBDC; three issuers have raised ₹1,025 crore. At the same forum the Governor recognised United FinTech Forum as the second fintech self-regulatory organisation.

CONSULTATIONS · 9 AND 11 SEPTEMBER

Two SEBI papers on market infrastructure institutions — one widening eligibility for governing-board directors and standardising senior technology, compliance and risk appointments; the other extending the IT and cyber framework, including CSCRF, to MII subsidiaries.

PRIORITY SECTOR · 11 SEPTEMBER

The Third Amendment Directions move the cut-off for FCNR(B) and NRE deposit-backed advances excluded from adjusted net bank credit to 31 August 2026.

CAUTION · 10 SEPTEMBER

MCA has warned that SMS messages referring to “MCA Signals”, and directing recipients to a company-report website, are not issued by the Ministry.

DATES THAT MATTER

15 Sep	CCFS-2026 closes. Second advance tax instalment, FY 2026-27.
16-21 Sep	NSE anchor book, then the issue opens and closes.
17 Sep	SEBI comments close — merchant-banker exemption for small-value private placement debt.
24 Sep	NSE listing expected. SEBI comments close — net settlement for mutual fund cash-market trades.
30 Sep	Tax audit reports, AY 2026-27; no extension notified. IBBI personal guarantor forms.
2 Oct	Comments close — RBI draft KYC amendment; SEBI MII cyber framework.
3 Oct	Comments close — IBBI personal guarantor discussion paper.
5-7 Oct	Monetary Policy Committee meets; resolution on 7 October.
16-26 Oct	Iveco extraordinary general meeting, then close of the tender offer.
31 Oct	Income-tax returns, audit cases.

BY THE NUMBERS

₹22,569 cr	NSE issue size at the top of the band — India’s second largest
₹4.42 lakh cr	Valuation the band implies for the exchange
€3.82 bn	Tata Motors’ tender offer for Iveco Group
90%	Additional-fee waiver under CCFS-2026 — available until tomorrow
₹1,000	Transaction value that triggers mule screening under the draft SOP
5.25%	Repo rate, held through four consecutive reviews

The ANSV take

WHAT WE WOULD DO ABOUT IT THIS WEEK

Four regulators said much the same thing this week: the structure you chose is not necessarily the structure you get to keep.

The Tata Sons decision is the clearest statement of the year on regulatory classification. The company did everything that ought, commercially, to have worked — it cleared its borrowings, applied to deregister, and waited. None of it displaced a status conferred in 2022 and re-confirmed under a framework that now turns on little more than balance-sheet size.

That has a practical edge for any group running a core investment company or a holding vehicle near the ₹1 lakh crore threshold. The question is not whether the structure is sound today but what happens when a classification lands: whether the articles permit a public issue, whether transfer restrictions and pre-emption rights survive listing, whether reserved matters in a shareholders’ agreement become unenforceable under the listing regulations. Those are drafting answers, and far cheaper to reach before the letter arrives than after it.

The second theme is that bank compliance machinery is about to become an operating risk for ordinary corporates. A ₹1,000 screening threshold applied by models across the payments system will generate false positives, and a debit hold — even one lifted inside the 20-day response window — is a working-capital event for a business with concentrated collection accounts. Escrow, nodal and pool accounts are carved out; the current account through which a trading business actually receives money is not.

The sensible response is not to wait for April 2027. Ask your bankers what their detection stack flags, who the nodal officer is, and how an explanation is routed and recorded. Those with volume exposure should file comments by 2 October rather than inherit a framework designed around retail fraud. And tomorrow’s deadline is the cheap one — the difference between a tenth of the additional fee and all of it.

PRACTICAL STEPS

- Clear every eligible ROC filing under CCFS-2026 before close of business tomorrow. Treat 15 September as final; nothing in the circular suggests otherwise.
- Re-run the upper-layer test for any core investment company or large holding vehicle against the June 2026 asset-based framework, and document what a compelled listing would require.
- Pressure-test articles and shareholder agreements for clauses that would not survive a listing — transfer restrictions, pre-emption, reserved matters.
- Banks and NBFCs: gap-assess transaction monitoring against the 20, 10, 30 and 60-day clocks in the draft procedure, and fix the STR reporting line before it becomes deemed non-compliance.
- Treasury teams: identify which operating accounts fall outside the nodal and escrow carve-out and agree an escalation contact with each bank.
- Confirm tax audit readiness for 30 September. No extension has been notified and none should be assumed.
- In any live insolvency, keep the commercial rationale for initiation documented — professionals are now under instruction to screen for Section 65.