



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

सहायक महाप्रबंधक  
Assistant General Manager

निर्गम एवं सूचीबद्धता प्रभाग-1 / Division of Issues and Listing-1  
निगम वित्त विभाग / Corporation Finance Department  
ई-मेल / E-mail – sanjuktam@sebi.gov.in

SEBI/HO/CFD/RAC/DIL1/EB/SM/OW/2022/49701/1  
September 23, 2022

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

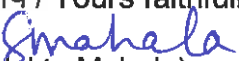
Kind Attention - Ms. Gesu Kaushal

महोदय,  
Dear Madam,

**विषय / Sub: Blue Jet Healthcare Limited के प्रारंभिक प्रॉस्पेक्टस के मसौदे के संबंध में स्पष्टीकरण Clarifications on the DRHP of Blue Jet Healthcare Limited**

हमें उपरोक्त कंपनी का प्रारूप प्रारंभिक प्रॉस्पेक्टस (डीआरएचपी) प्राप्त हुआ है, जो हमारे पास तारीख / We are in receipt of Draft Red Herring Prospectus (DRHP) of the captioned company forwarded to us vide letter dated 02.09.2022 के पत्र के साथ भिजवाया गया है।

इस संबंध में, कृपया संलग्नक के अनुसार स्पष्टीकरण प्रदान करें।  
In this regard, please provide the clarifications as mentioned at Annexure A.

भवदीय / Yours faithfully,  
  
(Sanjukta Mahala)

सहायक महाप्रबंधक  
Assistant General Manager

(संलग्नक / Encl: उपरोक्तानुसार / As above)



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**Annexure A**

With reference to the Draft Red Herring Prospectus of Blue Jet Healthcare Limited (Issuer Company) filed with SEBI, you are advised to clarify on the following issues:

1. Lead Manager (LM) is advised to examine the applicability of SEBI (Framework for Rejection of Draft Offer Documents) Order, 2012, to the DRHP of Issuer Company and confirm whether the said general order is applicable to the instant public issue/DRHP. LM is further advised to provide a para-wise reply on the applicability of aforesaid order.
2. LM is advised to examine the applicability of SEBI (Issuing Observations on Draft Offer Documents Pending Regulatory Actions) Order, 2020, dated Feb 05, 2020, to the DRHP of Issuer Company and confirm whether the said general order is applicable to the instant public issue/DRHP. LM is further advised to provide a para-wise reply on the applicability of aforesaid order.
3. LM is advised to submit whether there has been any instance of issuance of equity shares in the past by the issuer Company, the Group Companies or entities forming part of the Promoter Group to more than 49 / 200 investors as the case may be in violation of:
  - a) Section 67(3) of Companies Act, 1956; or
  - b) relevant section(s) of Companies Act, 2013, including Section 42 and the rules notified thereunder; or
  - c) the SEBI Regulations; or
  - d) the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as applicable.
4. It has been observed that in various instances disclosures have been made in the offer document stating 'we believe...' / 'we do not believe...', LM is advised to provide the basis for making such disclosures in the offer document while also explaining compliance with Regulation 24 (1) and Regulation 25 (2) (b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").
5. LM is advised to provide the response containing all necessary changes to be carried out in the relevant RF/sections of DRHP, instead of comments such as "noted/will be updated in UDRHP".
6. **Standard Disclosure for Special Rights in DRHP**
  - a) LM is advised that it is categorically disclosed in the DRHP under section "History and Certain Corporate Matters" of the offer document that none of the special rights available to the Promoters / Shareholders (except for nominee/nomination rights and information rights) would survive post listing of the Equity Shares of the Company and same shall cease to exist or shall expire / waived off immediately

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before or on the date shares are allotted to public shareholders in IPO, without requiring any further action.

- b) LM is advised to make disclosures if special rights for nominee/nomination rights and information rights are available to certain Promoters / Shareholders that would continue post listing and if yes, then details of the same may be clearly disclosed under section "History and Certain Corporate Matters".
- c) Further, LM shall specifically disclose that special rights, post listing shall be subject to approval of the Shareholders by way of a special resolution, in the first general meeting of the Company held post listing of the Equity Shares.
- d) LM is advised to ensure that special rights which will continue post listing are not prejudicial or adverse to the interest of the minority / public shareholders.

**7. Forward Looking Statements**

It is disclosed that this Draft Red Herring Prospectus contains certain "forward-looking statements". It may be noted that point (e) under Instructions of Part A of Schedule VI of ICDR Regulations, 2018, states that the offer document should not make any forward looking statements that cannot be substantiated. In view of the same, you are advised to confirm and explain compliance with aforesaid provision with respect to all such forward looking statements made in the DRHP.

**8. Cover page**

- a) LM shall ensure that the email-ids and websites given on this page are fully functional.
  - b) LM shall also ensure that the website of the company contains details as contained in the DRHP. Statements not contained in the DRHP shall not find a place in the website.
  - c) Disclosures in the RHP may be augmented as undertaken to be made by the LM in its correspondence with SEBI subsequent to the filing of the DRHP with SEBI.
9. LM is advised to refrain from using adjectives and replace the words such as largest, biggest etc. used at various places in the draft offer document.
10. LM is advised to evaluate the impact of the SEBI Share Based Employee Benefits and Sweat Equity Regulations, 2021 ("SBEB Regulations") and accordingly, to modify the ESOP Schemes to comply with the provisions of the SEBI SBEB Regulations 2021, prior to filing of the RHP.

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**Summary of Offer Document**

11. With respect to "Summary of the Offer Document" LM is advised to use simple conversational language and no abbreviations shall be used.
12. LM is advised to disclose the no. of shares offered by the selling shareholders in OFS and also disclose the post shareholding percentage of the selling shareholders in the table.
13. Page 14 – LM is advised to disclose the reason for increase in equity share capital, networth, total income and profit from March 2020 to March 2022.

**Risk Factors**

14. LM is advised to rearrange the risk factors based on materiality. LM is advised to provide adequate and correct cross referencing, wherever required.
15. LM is advised that all the risk factors containing any data to have a proper cross reference to the actual section / page where the specific and detailed explanation is given (where required more than one section / page). Further, LM is advised that data provided in % to be followed with the actual / absolute figures. Data shall be for last 3 financial years and stub period. Due reason to be provided if there is no cross reference being provided.
16. LM is advised to bring a risk factor related to import/export of raw materials and products of the Issuer Company and also refer the exact page no. of DRHP wherein the details in this regard have been disclosed.
17. LM shall disclose the Risk factor regarding COVID-19 in "Internal risk relating our business". The impact of COVID-19 on the business of the company shall be more specific, including the following:
  - a) Impact of COVID-19 on manufacture, sales and distributions separately for core business, international and other business.
  - b) Any existing agreements where non-fulfilment of the obligations by any party may have a significant impact on the company's business. Disclosed details of termination or modification of any agreement and its impact on revenue of the company during last 3 years.
  - c) Percentage of borrowings for which moratorium was availed, if any, along-with any restructuring of borrowing. Further, the impact of not getting the extension in loan tenures, if any, shall also be disclosed.
18. RF 1 – It is disclosed that "*We are dependent on a limited number of key customers, who have long-term contracts with us.....*". In this regard, LM is advised to specify the number of years for such contracts with the customers by the Issuer Company. Further, with regard to the contribution of revenue from the customers, LM is advised to provide the names of the top ten customers from which the significant portion of revenue of the issuer company comes.

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19. RF 2 - LM is advised to disclose the number of new products developed / commercialized in the last 3 years. Also, disclose the number of instances that the Issuer Company are not able to commercialize new products in a timely manner and the material effect on business, financial condition and profitability of the issuer company for such instances, if any.
20. RF 4 – LM is advised to disclose the attrition rate in the instant risk factor.
21. RF 7 – LM is advised to disclose the observation issued by US-FDA and FDA alongwith CDSCO pursuant to the inspection of our Unit II (Ambarnath) facility in the financial year 2018 & 2019. Further, the corrective steps adopted by the issuer company for such type of observations in this regard.
22. RF 10 - LM is advised to disclose whether the issuer company has a hedge policy to minimize foreign exchange risk and further disclose any instance of losses due to failure of hedging foreign exchange risks which may have had material impact on financials of the company for last three financial years.
23. RF 11 – LM is advised to disclose more details regarding the manufacturing units and its capacity in the instant risk factor.
24. RF 14 – In the instant risk factor, it is mentioned that “....*Our Company has applied for the transfer of plot from Stewarts and Lloyds of India Limited for our Unit-4 at Morivali, Ambarnath, Maharashtra.....*”. In this regard, LM is advised to disclose the new address that the Company to be transferred.
25. RF 19 – LM is advised to bring the instant risk factor to Top 10 risk factor.
26. RF 20- LM is advised to disclose the number of schemes that is discontinued in the last three years and its material impact on financials of the company if any.
27. RF 27 – LM is advised to bring the instant risk factor to Top 20 risk factor.
28. RF 30 – LM is advised to specify the name of the counties that the distributor and customers of the Issuer Company with whom the contracts are executed. Further, disclose the instance of disputes related to such contracts may be subject to the exclusive jurisdiction of courts situated in such countries and its material impact on financials of the company if any.
29. RF 33 - LM is advised to disclose: (i) issuer data security policy; (ii) whether there was data leakage in the last three years and its impact (iii) measures adopted by the Company to prevent such data leakage; (iv) whether the Issuer maintains any cyber-crime insurance policy.

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30. RF 42 - LM is advised to bring the instant risk factor to Top 15 risk factor. LM is advised to specify the observations as reported by the Statutory Auditors for the financial years 2020, 2021 and 2022. Further, in the instant risk factor, LM is advised to disclose the details of default in repayment of loan by the Issuer Company such as amount, bank name, reasons, repayment etc.
31. RF 43 – LM is advised to disclose the details of all properties taken on lease with details of name of the lessor, deposit, rentals, whether leases are with RPT, terms of lease etc. in a tabular form suitably.

**Summary of Financial Information**

32. LM is advised to provide the reason for change in following financial information from the year 2020 to 2022:
- Right of Use Assets
  - Investment (Current)
  - Trade Receivables
  - Equity share Capital
  - Other Equity
  - Lease Liability.
  - Current tax Liabilities (Net)
  - Change in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress
  - Foreign Exchange (Gain)/Loss
  - (Increase)/Decrease in Trade receivables
  - Decrease/(Increase) in Inventories
  - Purchase of Investments
  - Repayment of Non-Current Borrowing
  - Proceeds/(Repayment) of Current Borrowings (net)

**Capital Structure**

33. With regard to the allotment of shares pursuant to the scheme on January 20, 2021, LM is advised to disclose the details of alongwith the valuation certificate for the said scheme and include the same in the list of material document for inspection.
34. With regard to the sub-division of shares on December 24, 2021, LM is advised to disclose the details regarding Board resolution, shareholder resolutions and other approvals, if any in the DRHP.

**Bonus shares**

35. Regarding issuance of bonus shares on February 10, 2022 by the Issuer Company, LM is advised to disclose the details of issuance of bonus shares such as Board resolution, shareholder resolutions, other approvals, valuations etc.

Also, disclose that the said bonus shares are eligible for minimum promoter contribution.

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Further, LM is advised to disclose that the said shares were in compliance with Regulation 8 of ICDR Regulations, 2018. In this regard, LM is advised to disclose the detailed amount of free reserves and share premium from which the said bonus shares have been issued, reduction in free reserves and share premium in the said financial year etc. in the table disclosed under heading "Equity Share Capital" in the DRHP (page 75).

Also, refer the page number of DRHP, where the details in this regard has been disclosed.

36. Regarding shareholding pattern of the Issuer Company, LM is advised to provide the details of public shareholder such as name and number of shares in the issuer company.

**Object of the Offer**

37. Page 103 – Offer expenses – With regard to the others expenses, LM is advised to disclose the services for expenses under other advisors to the offer and miscellaneous expenses.

**Basis for offer price:**

38. LM is advised to disclose the Industry peer Group financial ratios of Indian and Global peer Companies.
39. In addition to the existing disclosures stipulated for 'Basis for Offer Price', the Issuer Company shall also make the disclosures on the key performance indicators (KPIs) of the business of the Issuer Company that have been considered/have a bearing for arriving at the basis of offer price.

- Qualitative and quantitative factors to continue where companies can use key KPIs/ financials to describe its business highlights.
- Cross reference to MD&A analysis (section in which it is expected that the KPIs and any non-GAAP information shall be explained and analysed in detail).

Issuers disclosing KPI numbers shall:

- Provide disclosure on appropriate KPIs for this section, why they are material to understand the business of the Issuer Company and how they have been used by the management historically to analyse, track or monitor the operational and/or financial performance of the issuer company.
- Provide explanation regarding how KPIs contribute to form basis for offer price.
- Issuer Company shall disclose all material KPIs that have been shared with any pre-IPO investor at any point in the three years prior to IPO [DRHP filing]. A cross reference shall be provided for KPIs which are not considered for basis of offer price section but are disclosed in other sections of the offer document.

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- Similarly, a cross-reference shall be provided to a table disclosing KPIs which are no longer relevant along with explanation.
- iv. KPIs stated by Issuer Company shall be described and defined clearly, consistently and precisely and should not be misleading.
  - v. Comparison of KPIs over time to be explained based on additions (KPIs for period after acquisition) or dispositions to the business. For e.g., in case the Issuer Company has undertaken a material acquisition or disposition for the periods that are covered by the KPIs, the KPIs should reflect that and explain.
  - vi. All KPIs to be certified / audited by statutory auditors of the Issuer Company.
  - vii. For KPIs disclosed by the Issuer Company, comparison with Indian listed peer companies and/ or global listed peer companies, as the case may be, shall be included (where ever available). For global companies, listed peer set would include companies of comparable size, in the same industry or with similar business model (if one to one comparison is not possible appropriate notes to explain the differences may be included).
  - viii. Where Issuer Company does not have any comparable Indian listed peers, comparison of key accounting ratios of the Issuer Company with global listed peers, as relevant and applicable (where ever available), for the most recent full year and interim period, may be disclosed, together with the source of information.  
*[Key accounting ratios as covered under para 9(k) of Schedule VI of ICDR or key KPIs, and any differences in definition with the peers (if any).]*
  - ix. The Issuer Company shall continue to disclose these KPIs, on a quarterly and/or annual basis (as determined by the Issuer Company), for a duration that is at least the later of (i) three years after the listing date; and (ii) the utilization of the issue proceeds disclosed in the objects of the issue section of the prospectus. These ongoing KPIs should continue to be certified by the statutory auditor of the Issuer Company.

**Basis for Offer Price - Past transfer(s) / allotment(s)**

- x. Valuation of Issuer Company based on secondary sale/acquisition of shares (equity/convertible securities) excluding gifts *[where either acquisition or sale equal to or more than 5% of the fully diluted paid-up share capital of the Issuer Company (calculated on the date of completion of the sale), in a single transaction or a group of transactions in a short period of time]* in the 18 months prior to the date of filing of the DRHP / RHP. For such transactions, the following should be disclosed: names of transferors/ transferees, number of shares/ instruments, price per share/ instrument, date of transfer, transaction as % of issued capital at that time. Transfers made on the same date and same price can be aggregated.





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- xi. Valuation of Issuer Company based on primary/new issue of shares (equity/convertible securities) [equal to or more than 5% of the fully diluted paid-up share capital of the Issuer Company (calculated on the pre-issue capital on the date of allotment), in a single transaction or a group of transactions in a short period of time] in the 18 months prior to the date of filing of the DRHP / RHP. For such transactions, the following should be disclosed: names of allottees, number of shares/ instruments, price per share/ instrument, date of allotment, transaction as % of post issue capital pursuant to the allotment. ESOPs and allotments to employee welfare trusts can be excluded. Allotments made on the same date and same price can be aggregated.

[For point xi and xii – (a) The acquisition cost is to be suitably adjusted for subsequent corporate actions such as bonus/share split etc.

(b) Disclosure shall be made for where issuer have gone under corporate restructuring such as merger/demerger]

- xii. With reference to two preceding points above, disclosure of floor price and cap price being [●] times the WACA, based on primary/ secondary transaction(s): [Based on issue price and not considering any discount for retail/ reservation category]:

	Floor price Rs. (●)	Cap Price Rs. (●)
WACA* of Primary issuance in last 18 months#	(●) times	(●) times
WACA* of secondary transactions in last 18 months#	(●) times	(●) times

\*WACA – Weighted average cost of acquisition  
#Equivalent or more than 5% of the fully diluted paid-up share capital [excluding employee stock options granted but not vested]

- xiii. Explanation for offer price / cap price being (●) times of the Primary issuance price / Secondary transaction price (as stated in table above), as the case may be, along with comparison of the Issuer's KPIs and financials ratios viz. EPS, P/E Ratio, Return on net worth, Net asset value etc. for the last full financial year and interim period (if any) included in the offer document.
- xiv. Recommendation of the Committee of Independent Directors in the price band advertisement that the price band is justified giving quantitative factors / KPIs [recommendation may be provided vis-à-vis the WACA in last 18 months in case there are primary / secondary transaction(s) in trailing 18 months].

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**Industry Overview**

40. It is observed that in the offer document, the issuer has relied upon the data contained in the report prepared by IQVIA at the request of the issuer, however the data has not been provided as on date. Whereas, selectively, data has been provided for different intervals at different places. LM is advised to maintain consistency in the data periodicity and ensure that the data relied in the report is not older than six months as on the date of filing of offer document with ROC.
41. LM is advised to disclose that the industry reports issued by IQVIA for purposes of this Draft Red Herring Prospectus ("Industry Reports") is commissioned by the issuer company. LM is advised to disclose if IQVIA, which has prepared the industry reports is in any way related to the issuer company/directors/promoters. Further LM is advised to ensure that reports by IQVIA relied upon while making disclosures in the draft offer document is included among the material contracts and documents for inspection. Furthermore, wherever (each instance) data from various reports have been used in support of disclosures made in the offer document, LM is advised to clearly qualify the source of such disclosures.

**Our business**

42. LM shall ensure disclosure of the Brand owned / not owned by the company along-with brand / royalty payments made by the Company and any conflict, thereof. Appropriate risk factor should be incorporated.
43. Any impact of CoVID-19 pandemic on the businesses, performance and financials of the Company should be disclosed both qualitatively and quantitatively in the Offer Document along with appropriate risk factors in this regard.
44. Detail of any individual and corporate guarantees provided by the promoters and directors in relation to loans available by the Issuer.
45. Details of trademarks registered by the Issuer.
46. Mention relationship amongst entities forming part of the Promoters, if any.
47. Mention relationship of the entities (individuals) forming part of the Promoter Group with the Promoters, if any, in a tabular format.
48. Page 127 – The statement disclosed in this page is very lengthy. In this regard, LM is advised to disclose the said statement in brief.
49. Page 128 –
- It is disclosed that "...We manufacture a range of products in-house, including the key starting intermediate and advanced intermediates....". In this regard, LM is advised to disclose the name of the products manufacture by the Issuer Company in the DRHP.

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- It is disclosed that “...*In the past three Financial Years, we invoiced a total of more than 350 customers in 35 countries.....*”. In this regard, LM is advised to disclose the country wise customer list in the DRHP. Further, LM is advised to disclose year-wise customers in the last three financial years for the domestic and internationals.
  - It is disclosed that “...*We have built a long-term customer base with innovator pharmaceutical companies and multi-national generic pharmaceutical companies, supported by committed multi-year contracts....*”. In this regard, LM is advised to specify the number of years for the multi-year contracts in the DRHP.
  - LM is advised to disclose the full name of the companies such as GE Healthcare, Guerbet, Bracco and Bayer etc.
  - It is disclosed that “...*As of March 31, 2022, our commercialized contrast media intermediate portfolio comprised 15 products*. In this regard, LM is advised to disclose the 15 products in the DRHP.
  - It is disclosed that “...*We are the largest exporter of a selected contract media intermediate in India for the past three calendar years. ....*”. With regard to the disclosure regarding largest exporter, LM is advised to disclose a comparative analysis of the exports by the other companies who are in the same line of business that the Issuer Company operates.
50. Page 129 – It is disclosed that “...*We have been a CDMO for certain complex products over the past two decades ....*”. In this regard, LM is advised to specify the products that the Issuer Company manufactures.
51. Page 130 – Under heading “Our Manufacturing Facilities”, LM is advised provide the details of manufacturing facilities in a tabular format having the manufacturing unit, address, installed capacity, capacity utilization, from when it operated etc.
52. Under Section “Our Business”, it is observed that the key financial data is repeatedly coming. LM is advised to clarify in this regard.
53. Regarding the financial data like revenue from operation, profit for the year, EBITDA, LM is advised to provide the reason for reduction from the year 2020 to 2021 and then increase from 2021 to 2022.
54. Page 131 – It is disclosed in the DRHP that “*With more than two decades of experience in manufacturing contrast media intermediates, we are a large manufacturer of contrast media intermediates in India*”. In this regard, LM is advised to clarify that how the Issuer Company is large in India, disclose the information/data of other Companies in the same line of business and make a comparative analysis in this regard reflecting that the Issuer Company is the large manufacturer of contrast media intermediates in India.

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55. Page 131 – It is disclosed in the DRHP that “....Our track record in these parameters has provided us with customer stickiness, with long-term customer relationships ranging from four to 24 years in the contrast media intermediate category, and ranging from three to 14 years in the high-intensity sweetener category....”. In this regard, LM is advised to disclose some of the long-term customers that the Issuer Company has long-term relationship.
56. With regard to the product of High-intensity Sweetener, LM is advised to disclose the revenue from the key customers such as revenue from Top 10 customers, Top 5 customers, largest customers etc.
57. Page 145 – Under heading Raw Materials, LM is advised disclose the percentage of raw material from domestically and from outside India.
58. Page 146 - Under heading Customers, LM is advised to disclose the number of customers in product-wise for the last three years.
59. Page 148 – LM is advised to disclose the attrition rate under Employees.

**Key Regulations and Policies in India**

LM is advised to provide details of action taken by relevant authorities / courts on safety/ environmental / consumer protection, etc related matters during the past 3 years, shall be disclosed. Appropriate risk factor should be incorporated.

**History and Certain Corporate Matters**

- a) LM is advised that under section “History and Certain Corporate Matters” of the offer document, it is specifically disclosed that all special rights available to the Shareholders / Investors, shall cease to exist or expire /waived immediately before or on the date shares are allotted to public shareholders, without requiring any further action.
- b) LM is advised to make disclosures regarding whether any of the special rights available to certain shareholders would continue post listing and if yes, the details of the same may be clearly disclosed under section “History and Certain Corporate Matters”. Further, LM shall specifically disclose that any special rights, post listing shall be subject to approval of the Shareholders by way of a special resolution, in a general meeting of the Company held post listing of the Equity Shares.
- c) LM is advised to ensure that special rights which will continue post listing are not prejudicial or adverse to the interest of the minority / public shareholders.
- d) Further, a categorical statement from the Issuer Company/ promoter/ shareholders, may be provided that there are no other agreements and clauses / covenants which are material and which needs to be disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the public shareholders.

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- e) 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.
- f) Further, the LMs also to confirm to SEBI that they have gone through the agreements / inter-se, if any, as disclosed in the DRHP and they also do not see any clauses / covenants which are material and which need to be disclosed, have not been disclosed and that there are no other clauses / covenants which are adverse / prejudicial to the interest of the public shareholders / unit holders.
- g) LM is advised to clarify special rights such as an executive MD CEO having rights to nominate another director, have any implication in terms of Corporate Governance norms.
- h) LM to clarify on various agreements and ensure that details of clauses / covenants pertaining to these agreements are disclosed.
- i) LM is advised to disclose the documents with regard to merger and amalgamation in the part of the material documents.
- j) Page 163 – LM is advised to disclose the exact page no. of DRHP, wherein the capacity/facility creation, location of plants and Launch of key products or services, entry into new geographies or exit from existing markets have been disclosed.
- k) Page 164 – With regard to the defaults in loan or other borrowing, LM is advised to disclose the details of defaulted amount of loan to financial institutions, banks etc and later on the payment in this regard.

**Our Management**

- a) Gross annual remuneration paid/ payable to all KMP as per their terms of appointment be disclosed.
- b) Terms of appointment of executive directors be placed under material documents for inspection.
- c) LM is advised to disclose in the RHP that the company, its Directors and its promoters / promoter group are not declared as "Fraudulent Borrowers" by the lending banks or financial institutions or consortium, in terms of RBI master circular dated July 01, 2016.
- d) Ensure that details of the Directors in the section titled "Management" clearly depicts if any director is a nominee. If so, please also disclose the details who have nominated them. Similarly such details to be disclosed for the KMPs as well. Please 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.

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- e) Please check and disclose if the name of the directors, promoter and promoter group persons is appearing in the list of directors of struck-off companies by ROC/ MCA. Please also check and disclose if the name of the promoter group companies and group companies is appearing in the list of struck-off companies by ROC/ MCA.

**Financial Information**

LM is advised to provide the reason for change in financial figures for the financial year ended March 31, 2020 due to transition from IGAAP to IND AS.

**Financial Indebtedness:**

LM is advised to disclose the instance of past default in the instant section.

**Related Party Transactions (RPT):**

- a) LM to ensure that all RPTs are done at arm's length price. LM is advised to ensure that RPT should be in compliance with the Companies Act, 2013, SEBI (LODR) Regulations, relevant Accounting Standards and other statutory compliances.
- b) LM is advised to quantify the related party transactions, in brief, that the company has entered into, in tabular form. LM is advised that Related party transactions as percentage of Revenue may be disclosed in the offer document.

**Outstanding Litigation and material developments**

- a) LM is advised to provide a table of pending litigations before dealing about the litigations. The table should be arranged giving priority to those litigations having material impact on the financials. LM should also provide amount of disputes and shall ensure that appropriate provisions for contingent liabilities have been made in financials. Further appropriate risk factor has also been provided. LM is advised to disclose the litigation details table as disclosed under section Summary of the Offer Document in other places including the litigation section.
- b) LM is advised to ensure that the disclosure of details of all the criminal matters, if any, initiated by or against the company, group, directors, promoters, subsidiaries, joint ventures which are at FIR stage and no/cognizance has been taken by the court. LM is also advised to specifically disclose the litigations liabilities.
- c) LM shall update the details of status of litigation with the latest/updated position of litigations against promoter/promoter group entities/company and the companies promoted by the issuer.
- d) LM is advised to confirm that the existing litigations are not so major that the issuer's survival is dependent on the outcome of the pending litigation.

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- e) LM is advised to ensure the disclosures of all actions taken by statutory and regulatory authorities.

**Miscellaneous**

- a) Mention corresponding figures in value (to the extent possible), wherever percentage figures are mentioned.
- a) Reference to any place in the Offer Document should be followed by name of the relevant city/ state, as the case may be.
- b) Any risk on pricing of the issue / basis of issue price, track record of BRLMs, average cost of acquisition of shares by selling shareholders etc. which is proposed to be included in the issue advertisement may be submitted.
- c) All lead manager(s) are uniformly to be identified as Book Running Lead Manager(s) (BRLMs) without making any differentiation between lead manager(s). Details regarding BRLMs acting as Global Coordinators / Joint Global Coordinators may be provided at section on inter-se allocation of responsibilities in the draft offer document and the offer document.
- d) 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.
- e) Industry report be included in the list of material documents for inspection and also provide a link in the offer document for online access of industry report.
- f) Appropriately disclose, price at which specified security was acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right to nominate directors or any other rights. Following details may be disclosed for such transactions in tabular format – name of acquirer, date of acquisition, number of shares acquired and acquisition price per share.
- g) LM is advised to ensure that RHP to provide Consolidated Financial Statements (CFS) prepared in accordance with Indian Accounting Standard (Ind AS) for all the three years and the stub period (if applicable) audited and certified by the statutory auditor(s) who holds a valid certificate by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).
- h) LM / Issuer should endeavor to provide the access to all material documents for inspection through online means apart from inspection at the registered office.

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- i) Confirm whether there has been a change in auditor(s) before completion of the appointed term (in any of the past five fiscal years), and the reasons thereof.
- j) Disclose any past instances of termination / modification / non-renewal of material agreements which have adversely impacted results of business operations and financials of the company.
- k) LM to ensure that all the cross references given in the offer document are correct, leading to the exact page, instead of referring to the beginning of the section.
- l) LM shall ensure compliance with all SEBI directions given to Association of Investment Bankers of India (AIBI).

#### Price Advertisement

- a) LM is advised to ensure the 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:

- a) 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."
- b) Any adverse data/ noting 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]."
  - "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 also be disclosed. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments.

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b) Price band advertisement:

- The portion pertaining to "Risks to Investors" shall constitute at least 33% of the price band advertisement space.
- The risks to investors shall include weighted average cost of acquisition of all shares transacted in last 3 years and 1 year, from the date of RHP, in the following format :

<i>Period</i>	<i>Weighted Average Cost of Acquisition (in Rs.)</i>	<i>Cap Price is 'X' times the Weighted Average Cost of Acquisition</i>	<i>Range of acquisition price: Lowest Price - Highest Price (in Rs.)</i>
<i>Last 1 year</i>			
<i>Last 3 years</i>			

- The font size for price band and "Risk to investors" should be increased to match the font of BID/Offer Programme.
- Matters related to ASBA and UPI may be brought subsequent to Price Band, Risks to Investors, Bid/ Offer Programme and other offer details, and can be of smaller font.
- The portion pertaining to "BRLMs" shall not constitute more than 10% of the price band advertisement space.
- Mention market Value at Issue Price to Total Turnover and P.E. Ratio at issue price. LM is advised to add suitable risk factor as Risk Factor 1 in this regard.

You are requested to provide the replies to the above clarification within 5 working days from the date of receipt of this letter.

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