



भारतीय प्रतिभूति  
और विनियम बोर्ड  
Securities and Exchange  
Board of India

सहायक प्रबंधक

Assistant Manager

निर्गम एवं सूचीबद्धता प्रभाग-2 / Division of Issues and Listing-2

निगम वित्त विभाग / Corporation Finance Department

दूरभाष सं. / Ph No: 022 2644 9240

ई-मेल / Email - Afzalk@sebi.gov.in

सेबी/सीएफडी/डीआईएल2

SEBI/CFD/DIL2/P/OW/11436/ 2022

March 17, 2022

JM Financial Ltd,  
7<sup>th</sup> floor, Cnergy,  
Appasaheb Marathe Marg,  
Prabhadevi, Mumbai - 400 025  
Maharashtra, India

Kind Attention: Mr. Arjun Mehra/Ms. Prachee Dhuri

महोदय / महोदया,

Dear Sir / Madam,

**विषय / Sub: कैम्पस एक्टिववेयर लिमिटेड का प्रस्तावित आईपीओ / Proposed IPO of Campus Activewear Limited ("CAL")**

उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट), भारतीय प्रतिभूति और विनियम 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 विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्कलोजर रिक्वायरमेंट्स) रेग्यूलेशन, 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 (डिस्कलोजर) 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-

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051

दूरभाष : 2644 9950 / 4045 9950 (आई.बी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

Tel : 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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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.

1. 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 टिप्पणियाँ / शर्तें 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 पत्र भेजकर इस बात की पुष्टि करनी होगी कि अपेक्षानुसार बदलाव कर लिए गए हैं और साथ ही यह भी बताना होगा कि 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 you file the final offer document with ROC / Stock Exchange. **NO FURTHER CHANGES SHOULD BE EFFECTED WITHOUT SPECIFIC WRITTEN CONSENT OF SEBI.**

2. यह स्पष्ट किया जाता है कि भारतीय प्रतिभूति और विनिमय 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 विनिमय बोर्ड [पंजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन्स, 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



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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.

3. यह भी पूरी तरह से स्पष्ट किया जाता है कि यद्यपि इस बात की जिम्मेदारी मुख्य रूप से निर्गमकर्ता (इश्युअर) 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) बरते कि कंपनी अपनी जिम्मेदारियाँ सही ढंग से निभाए, और इसी उद्देश्य से अग्रणी प्रबंधकों ने भारतीय प्रतिभूति और विनियम बोर्ड (मर्चेंट बैंकर्स) विनियम, 1992 [सेबी (मर्चेंट बैंकर्स) रेग्यूलेशन, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 8 फरवरी, 2021 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 December 24, 2021, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

4. 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.

5. किसी भी प्रचार सामग्री या विज्ञापन में ऐसा कुछ भी उल्लेख नहीं किया जाएगा, जो प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट) 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.

6. अग्रणी प्रबंधक यह सुनिश्चित करें कि भारतीय प्रतिभूति और विनियम बोर्ड [पूँजी का निर्गमन (इश्यु) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 के विनियम 25(1) और अनुसूची-III के अनुसार उपरोक्त निर्गम



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(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।

7. 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.

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.

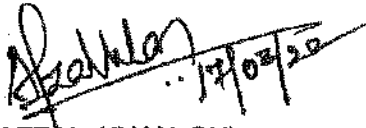
आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से अधिक हो, तो ऐसे में आप सेबी को सूचित करेंगे कि कितनी फीस लौटाई जानी है, साथ ही आप यह भी बताएंगे कि आपने लौटाई जाने वाली फीस की रकम की गणना कैसे की है और सेबी को किसके नाम पर चेक जारी करना होगा।

If filing fees paid by you are more than the actual fees required to be paid, you are advised to inform SEBI about the amount to be refunded, along with detailed calculation of amount refundable and name of the person in whose favour, the cheque may be issued by SEBI.

8. 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.

स्थान / Place: मुंबई / Mumbai

  
(AFZAL KHAN SK)  
सहायक प्रबंधक  
Assistant Manager



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**Annexure I  
OBSERVATIONS**

1. Please refer to our letter dated January 14, 2022 and your letter dated January 20, 2022, and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. Please refer to your email dated March 11, 2022 and all other correspondences exchanges in respect of new/revised/updated Risk Factors. LM is advised to ensure that these RFs are incorporated in the offer document. Further, the top 5 RFs shall be published in the price band advertisement.
3. LM is advised to submit a check-list of compliance with SEBI(ICDR) Regulations, 2018 amended and notified on Jan 14, 2022.
4. Page 20 (Interim response from LM dated Jan 20, 2022) - LM is advised to define the term "branded sports" and also disclose the distinguishing features of it.
5. LM is advised to disclose the operating profit in the restated financial information disclosed at page 21 of the summary of the offer document.
6. 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.
7. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.
8. The industry report disclaimers (if any) shall be removed from all places of the offer document.
9. 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.
10. LM is advised to state prominently upfront in all issue advertisements that the company will not receive any money from the Issue Proceeds raised through OFS.
11. The cost of acquisition of shares by selling shareholders and estimated percentage of shareholding proposed to be offloaded through OFS shall be disclosed in the tabular format.
12. LM shall ensure to disclose the price at which specified securities were acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right to



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nominate directors or any other rights. The 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.

13. LM is advised to appropriately disclose the scheme details along with the updated status on NCLT order and compliance of the same by the Issuer Company in relevant sections of the offer document before filing of UDRHP/RHP.
14. LM is advised to ensure that at all places, where the Industry Report has been mentioned, such report to be provided in bibliography / or as weblink. The Report has to be included as a material document.
15. The offer related expenses to be deducted from the amounts received from 'Offer for Sale' and only the balance amount to be paid to the selling shareholders.
16. 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.
17. LM is advised to disclose the Outstanding Litigations information in the Summary of the Offer Document section of UDRHP/RHP as per the below format.

| Name of Entity        | Criminal Proceeding | Tax Proceeding | Statutory or Regulatory Proceeding | Disciplinary actions by the SEBI or Stock Exchanges against our Promoters | Material Civil Litigation | Aggregate amount involved (Rs in million) |
|-----------------------|---------------------|----------------|------------------------------------|---|---------------------------|---|
| <b>Company</b>        |                     |                |                                    |   |                           |   |
| By the Company        |                     |                |                                    |   |                           |   |
| Against the Company   |                     |                |                                    |   |                           |   |
| <b>Directors</b>      |                     |                |                                    |   |                           |   |
| By our Directors      |                     |                |                                    |   |                           |   |
| Against the Directors |                     |                |                                    |   |                           |   |
| <b>Promoters</b>      |                     |                |                                    |   |                           |   |
| By Promoters          |                     |                |                                    |   |                           |   |

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|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
| Against Promoters  |  |  |  |  |  |  |
| Subsidiaries   |  |  |  |  |  |  |
| By subsidiaries  |  |  |  |  |  |  |
| Against Subsidiaries   |  |  |  |  |  |  |
| *For further details of the outstanding litigation proceedings, see "Outstanding Litigation and Material Developments" |  |  |  |  |  |  |

18. In the summary of the offer document, net increase / (decrease) in cash and cash equivalents may also be disclosed under selected financial information.
19. The table of pending litigations should be arranged giving priority to those litigations having material impact on the financials. Also include the details of whether provisioning has been done by the company for the probable liabilities, if any arising out of outstanding litigations and also the quantum of the same, where quantifiable. Mention the amount reflected as Contingent Liabilities with respect to the outstanding litigations, if any. Also, disclose contingent liabilities as a percentage of net worth.
20. LM shall 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.
21. Risk Factors – Every Risk Factor shall be provided with a cross-reference to the detailed description of the facts/reasons in the DRHP, wherever applicable.
22. LM shall ensure that the main/sub – headings in the DRHP shall not have any abbreviations. The Main/sub-headings shall be in fully expanded form with its abbreviations in brackets.
23. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.
24. Where Risk Factors portray possible occurrences of certain events or situations, such Risk Factors should also indicate whether such events or situations have actually taken place in the past. If not, it should be clearly mentioned that no such events had happened in the past.
25. LM is advised to add a Risk Factor relating to Related Party Transactions (RPTs), Provide below mentioned details: -
- Confirm whether all RPTs are done on arm's length basis.
  - Confirm whether RPTs taken together for last three fiscal year is more than 10% (for all 3 FYs) of the total transactions of similar nature.
  - In case if one of the object of the issue is to pay the unsecured loans provided by the related parties to the issuer company, further details w.r.t the loans (amount, date, purpose) may be provided, along with confirmation from Chartered Accountant that the

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loans have indeed been used for the purpose stated. If the above data is voluminous, the same may be agglomerated on the basis of category.

- iv) If any loan/advances given by issuer/subsidiaries to related parties and guarantees given/securities provided to related parties, mention Risk Factor on recoverability and its effect on the financials of the issuer/subsidiaries.

26. When disclosing the status of government approvals in the Risk Factors, LM is advised to include a cross reference with specific page numbers to other sections where the disclosures are made. If approval has a validity, the same shall be mentioned. Consequences of withdrawal of licenses/approval shall be provided.
27. Mention a separate Risk Factor, if any rent, interest, royalty or such other amount payable/paid by the issuer company/subsidiaries to Promoter/Promoter Group/Directors or amount payable under any material agreement, if any, etc. in last three FY and stub period.
28. In Risk Factor relating to existing financing arrangements, confirm whether the company has violated any of the restrictive covenants/events of default or undergone rescheduling for repayment of loans in the past three fiscal years with respect to the debt financing that the company has availed.
29. LM is advised to confirm whether any instance of promoter's personal guarantees and/or company guarantees have been invoked in the past 3 fiscal years and/or loan defaults.
30. Mention a separate Risk Factor, if there is any concentration of customer/group in contribution to the revenue of the issuer/subsidiaries in last three FY and interim period and similarly, if there are any such concentrations in suppliers of the company/subsidiaries in the last three FY and interim period and if so, also state whether there is any the direct/indirect relationship, if any, between such entities and the issuer company, its promoters/directors/promoter group, if any.
31. Provide details and specific disclosures with respect to the adverse remarks/ qualifications/ matter of emphasis/ statements by the Statutory Auditor in reports to financial statements, in the Risk Factor. Further, provide the current status of such adverse remarks/ qualifications/ matter of emphasis/ statements by the Statutory Auditor.
32. Risk Factor 1 – In the interim reply dated Jan 20, 2022, the main heading for the “% stake that they are proposing to offload” is incorrectly mentioned as “% of pre-Offer Paid-up Equity Share capital of our Company”. LM is advised to ensure the correctness of the disclosure. Further, the table may also include a column on % of pre-Offer Paid-up Equity Share capital held by selling shareholders.
33. Risk Factor 4 - Gross and net margin for last 3 years & stub period may be disclosed.

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34. Risk Factor 13 – Returns (of products) as % of revenue for last 3 years & stub period may be disclosed. Further, cross reference shall be provided to the details of free exchange or return policy mentioned in the offer document.
35. Risk Factor 16 - RF should disclose % of sales through trade distributors, commission/trade discount/volume rebates paid to distributors. No. of COCO closed, no. of agreements with counters and distributors terminated during last 3 years & stub period.
36. Risk Factor 19 - Capacity utilization for last 3 years & stub period may be disclosed.
37. Risk Factor 22 – Inventory Turnover Ratio, Inventory cycle, % of inventory that is written off for last 3 years & stub period may be disclosed. Further, exact nature of risk may be disclosed.
38. Risk Factor 30 – Under utilization of the manufacturing capacities during the covid pandemic may be disclosed.
39. Risk Factor 31 – The page no. of the CR – “Our Business – Properties” may be disclosed.
40. Risk Factor 35 - Debt equity ratio & Debt Service Coverage Ratio for last 3 years & stub period may be disclosed.
41. Risk Factor 36 - How the capital expenditure was funded to be disclosed.
42. Risk Factor 37 - LM is advised to disclose contingent liabilities as a percentage of net worth.
43. Risk Factor 40 – IPR infringements in the past (if any) may be disclosed.
44. Risk Factor 44 - Disclose the insurance cover figures for last three years. Also disclose past instances where claims have exceeded insurance cover and impact on Issuer's financials, if any. Disclose the percentage of assets covered under insurance vis-a-vis the total assets of the company.
45. Risk Factors 52 & 64 – Arrange these in top 15 RFs.
46. LM is advised to ensure that following information may be disclosed for subsidiaries: -
- i) Individual stand-alone financials
  - ii) Information on business being conducted
  - iii) Sources of revenue, and
  - iv) Indebtedness
47. With respect to acquisitions/shump sale/business transfer agreement made by/entered into by the issuer company//subsidiaries, mention whether an independent valuation report was obtained for the same. If so, the same may be disclosed and included as a material document for inspection. If not, a Risk factor to this effect may be stated along with the fact whether the consideration paid is higher than the valuation obtained, if so, reason thereof. If such transaction happened with related

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party, same may be stated so. Also, provide details of unsuccessful instances of strategic investment, if any, in past 3 years and effect of the same on profit shall be disclosed.

48. Disclose any material disruptions in past three financial years and interim period having impact on business operations and financials of the company.
49. Disclose that Issue/ Offer expenses are shared between the selling shareholder and Issuer in proportionate manner even if the Issue does not go through and the shares are not get listed on the Stock. Further, the expenses in respect of the Issue/ Offer should be reimbursed to the Issuer Company jointly and severally by the Selling Shareholder(s).
50. Clearly disclose the special rights that are proposed to be retained, if any, in the Issuer Company post listing and any approvals thereto in the section titled "History and Corporate Matters".
51. 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. Also ensure that special rights which will continue post listing are not prejudicial or adverse to the interest of the minority / public shareholders.
52. Disclose inter-se agreements/ arrangements between the shareholders in the section titled "History and Corporate Matters".
53. Disclose all clauses/ covenants in agreements/ Articles which are material. Include a categorical statement from the issuer that there are no other agreements and the clauses/ covenants which are material which need to be disclosed and that there are no other clauses/ covenants which are adverse/ pre-judicial to the interest of the public shareholders. Also that there are no other material agreements other than those disclosed in the Offer Document.
54. Please disclose the details of all profit sharing arrangements involving the Issuer, promoters, promoter group, directors and shareholders, if any.
55. 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.
56. 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

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disclose if the name of the promoter group companies and group companies is appearing in the list of struck-off companies by ROC/ MCA.

57. If adjectives such as "largest", "leader", "strong", "differentiated" are used, the same should be explained and substantiated. If not substantiated, these terms should not be used.
58. In case of Issuer's consolidated financials contains significant contribution (10% and more) from its subsidiaries, disclose whether the balance sheets of the subsidiary is audited by peer reviewed auditor. In such cases, LM shall also disclose whether the corporate governance norms are being followed by the subsidiaries of the Issuer.
59. Details of any individual and corporate guarantees provided by the promoters and directors in relation to loans availed by the Issuer may be disclosed.
60. Outstanding overdues to material creditors uploaded on the Issuer's website should include names of each creditor and amount outstanding to each creditor. Further, LM is advised to explain the statement *"It is clarified that such details available on our Company's website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information including our Company's website would be doing so at their own risk."* at page 349 of DRHP.
61. In case of Offer for Sale, complete details of Selling Shareholders shall be disclosed including place of business, promoters/major shareholders (Significant Beneficial Owner), directors, SEBI registration, if any, if registered as a Fund/AMC, then details regarding its managers/trustees, restrictions /prohibitions, if any, binding the Selling Shareholders to dispose of the shares of the issuer, action taken by SEBI/RBI/overseas regulator, if any along with the built-up of equity share capital/preference share capital held by the said entity in the issuer.
62. The top 7 risks identified post rearrangement may be included in the summary of the offer document.
63. LM shall ensure to disclose the details of allocations to Anchor Investors (if any) issued out of OFS and quantify the same as a percentage of total offer size.
64. The offer related expenses borne by the Selling Shareholder must be clearly distinguished and be explicitly mentioned in the DRHP.
65. LM is advised to specifically mention in RHP that all special rights available to the Shareholders / Investors, under the SPA, Inter-se agreements or any other agreement / arrangements shall cease to exist upon listing of Equity Shares on the Stock Exchanges pursuant to the Offer, (without requiring any further action). Any nomination rights of Directors, appointments of KMPs etc shall be subject to approval of the Shareholders by way of a special resolution, in a general meeting post listing of the Equity Shares, wherein appropriate disclosure in this regard shall be given to the shareholders.

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66. 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.
67. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities is made in the Red Herring Prospectus.
68. 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 as to the same are made in the Red Herring Prospectus and other Offer related material along with the disclosures of the Financial Impact of the same, if any.
69. 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 no/some cognizance has been taken by court is incorporated in the Red Herring Prospectus along with appropriate risk factors in this regard.
70. 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:*

- 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."*
- 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:*

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

- The portion pertaining to "Risks to Investors" shall constitute at least 33% of the price band advertisement space.*
- The font size for price band and "Risk to Investors" should match the font of BID/Offer Programme.*
- Any adverse data in the basis for issue price should be disclosed. For example:*

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- "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]%."
- vi. 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 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.

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

*[Signature]*



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**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 red herring prospectus 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

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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:



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*"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](http://www.sebi.gov.in). \*\*List of banks supporting UPI is also available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) \*\*.*

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