

सहायक प्रबंधक Assistant Manager

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

निगम वित्त विभाग/Corporation Finance Department

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April 01, 2025

सेबी/सीएफडी/RAC-डीआईएल2/P/OW/2025/ 9891/1
SEBI/HO/CFD/RAC-DIL2/P/OW/2025/9891/1

Axis Capital Limited

1st Floor, Axis House

Pandurang Budhkar Marg, Worli, Mumbai 400 025

Maharashtra, India


Kind Attention: Mr. Harish/Mrs. Lakha Nair

महोदय / महोदया,

Dear Sir / Madam,

विषय /Sub: Bluestone Jewellery And Lifestyle Limited का प्रस्तावित आईपीओ /Proposed IPO of Bluestone Jewellery And Lifestyle Limited

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 डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन्स, 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 (डिस्क्लोज़र) 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-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 टिप्पणियों / शर्तों 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 filing 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 विनियम 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 विनियम बोर्ड [पैजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्रायरमेंट्स) 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 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) बरतें कि कंपनी अपनी जिम्मेदारियाँ सही ढंग से निभाए, और इसी उद्देश्य से अग्रणी प्रबंधकों ने भारतीय प्रतिभूति और विनियम बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख August 12, 2024 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 August 10, 2022, in accordance with SEBI (Merchant Bankers) Regulations, 1992. 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 11, 2024, 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 (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 के विनियम 25(1) और अनुसूची- III के अनुसार उपरोक्त निर्गम (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।

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.

7. 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.

8. आपसे अनुरोध है कि इस प्राप्ति के 15 दिवसों के भीतर अपना उत्तर प्रस्तुत करें।

You are requested to submit your response within 15 days of the receipt of this letter.

स्थान /Place: मुंबई /Mumbai


Shivani Gupta
सहायक प्रबंधक
Assistant Manager

Annexure I

OBSERVATIONS

1. Please refer to our letter/email dated January 01, 2025 and your letter/email dated January 21, 2025 and all other correspondences exchanged. LM is advised to ensure that the changes made pursuant to our initial clarifications and all correspondences exchanged are duly incorporated in the updated DRHP/ RHP/ Prospectus.
2. LM is advised to verify the disclosure pertaining to underwriters in the offer document and ensure & confirm compliance with ICDR regulations, 2018.
3. LM is advised to ensure that these observations while referring to a specific chapter or point, however the LM shall ensure to disclose the same across all pages/chapters where the same/similar matter occurs in the DRHP. The BRLM shall also ensure that these disclosures are made in all filings with SEBI as and when by the BRLM or wherever they are involved in the matter in any manner.
4. The LM is advised to ensure that the language used in the DRHP is lucid, usage of abbreviations is limited, abbreviations to be used in the para, if already quoted in the same page / heading; any expressions, jargons or nomenclatures from other languages or not commonly used, are explained clearly at all relevant places.
5. LM is advised to ensure that only eligible employees are allowed to be included in the concerned Employee Reservation Portion.
6. LM is advised to ensure that the Risk Factors provide adequate explanation of risk, are placed based on materiality and provide cross-reference to the exact page no. of the UDRHP, wherein further information has been disclosed.
7. LM shall ensure that all data-points, wherever disclosed in the offer document, shall have disclosures corresponding to the disclosed financial period.
8. LM is advised to incorporate all the certificates issued by the Chartered Accountants under the section Material Contracts and Documents for Inspection.
9. It may be noted that the Issuer and subsidiaries are named similarly, Therefore LM is advised to use full forms only instead of acronyms for the subsidiaries in the offer document for ease of understanding to investors.
10. 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.
11. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.



12. The industry report disclaimers (if any) shall be removed from all places of the offer document. 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.
13. 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 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.
14. 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.
15. LM shall confirm and disclose 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.
16. 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.
17. LM is advised to add a Risk Factor relating to Related Party Transactions (RPTs), Provide below mentioned details: -
 - i. Confirm whether all RPTs are done on arm's length basis.
 - ii. 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.
 - iii. 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.
18. LM shall disclose the details of the pledged shares held by the promoters / Issuer Company / its subsidiaries.
19. LM is advised to ensure that all the complaints received by LM/Company or forwarded by SEBI be made part of the material documents for inspection.
20. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in RHP.
21. During the interim period of issuance of observation and listing, for all the complaints received by LM/company and complaints forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures, if required, disclosures are made in the RHP and other related material along with the disclosures of the Financial impact of the



same, if any. Further, LM is advised to incorporate a prominent Risk factor, if required, for such complaints received.

22. LM is advised to update the financial information of the stub period in suitable places in the DRHP.
23. LM is advised to update Industry Overview section with updated recent information, as applicable. Further, all statements that are not verifiable and substantiated with figures shall be deleted.
24. 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)
Company						
By the Company						
Against the Company						
Directors						
By our Directors						
Against the Directors						
Promoters						
By Promoters						
Against Promoters						
Subsidiaries						
By subsidiaries						
Against Subsidiaries						
*For further details of the outstanding litigation proceedings, see "Outstanding Litigation and Material Developments"						

25. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.

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26. 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.
27. 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.
28. 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.
29. 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.
30. 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.
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. With respect to acquisitions/slump 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 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.
33. Related Party Transactions – LM is advised to ensure that the names of the related parties have been disclosed, for each transactions and for outstanding balances.
34. Incorporate an undertaking that the net proceeds from the issue if utilized for repayment of Borrowings/Loans are not being indirectly routed to promoters, promoter group, group companies, and associates.
35. LM is advised to make consistent usage of the term BRLM; and also include quantitative/financial information in tabular form, wherever possible.
36. LM is advised to ensure that no discrepancies be present in the quantitative data provided in the DRHP/RHP/UDRHP/LM's reply and other key documents.



37. LM is advised to ensure that data sets wherever disclosed shall include disclosure in absolute figures in addition to disclosures in % terms.
38. LM is advised to ensure and disclose that the Issuer Company/promoters/Promoter group shall submit an undertaking stating that they are not involved in any illegal money mobilization scheme, in violation of law.
39. LM is advised to ensure all quantitative information be provided in tabular form and free from discrepancies/errors in all sections for the ease of reading. LM may provide with certainty all the relevant information sought by SEBI till the issue of this observation letter, in the offer document/UDRHP/RHP.
40. Wherever the LM has undertaken to modify the risk factors in its replies, the same shall be duly modified and incorporated in the updated DRHP and RHP.
41. Wherever the LM has mentioned "Noted for compliance" or "Complied with and noted for compliance" in its replies, LM shall ensure that the same are duly complied with.
42. LM shall ensure compliance with enhanced disclosures in the Price band advertisement as per advisory issued to AIBI vide email dated Nov 15, 2021.
43. LM is advised to mention the operational Key Performance Indicators for the past 3 years in the relevant section.
44. LM is strictly advised to remove excerpts from the commissioned report from all sections except Industry Overview section. LM may provide suitable cross-referencing to exact page no. of the report.
45. LM is advised to note that it is not clearly mentioned in all rights, that they will fall post listing including certain rights with respect to appointment of Independent directors. LM is advised to ensure that Post listing, the issuer is in compliance with applicable SEBI LODR regulations.
46. LM is advised to note that all information sought from LM shall be duly disclosed in the offer document. If the same is not tracked, LM is advised to disclose reasons for not tracking the same in the offer document.
47. LM is advised to verify and ensure that all information as disclosed to SEBI should duly reflect in the UDRHP/RHP/Prospectus.
48. LM is advised to refer its letters dated March 11, 2025 & March 21, 2025 and ensure compliance and due disclosure of all information with the same.
49. Page 24- LM is advised to disclose where CCPS get accounts for in the summary of selected financial information.
50. Page 34 - LM is advised to ensure that information with respect to any money mobilization schemes, being operated by the company, should be categorically disclosed in the offer



document. If company does not operate any such scheme, the same should be confirmed in the offer document at all relevant sections including but not limited to “Our Business”, etc.

51. Pre-IPO Placement -

- i. LM is advised to disclose Pre-IPO transaction details in the price band advertisement. LM is advised to refer footnote on Pre-IPO and disclose at appropriate places that utilization of Pre-IPO proceeds towards the stated objects of the issue, shall be monitored by Monitoring Agency.
- ii. In case, if company does not undertake Pre-IPO placement, the same should be disclosed in the offer document including the fact that it made a provision of Pre-IPO placement at the time of filing of Offer Document.
- iii. LM is advised to ensure that the utilization of Pre-IPO proceeds being discretionary in nature, if raised, shall be completely attributed/adjusted towards GCP portion; unless auditor certified disclosures are made with regards to its utilization towards the disclosed specific objects of the issue.
- iv. LM is advised to confirm that the issuer/LM has appropriately written / intimated in letter to the prospective investor (Pre-IPO investors) that there is no guarantee that the IPO may come through or listing shall happen and the investment is being done solely at the risk of the investor. Further such disclosure to be made part of the DRHP as well, in all places where Pre-IPO Placement is mentioned.
- v. LM is advised to prominently disclose the price and the name of the shareholder on the day of the allotment in case if any Pre-IPO placement is done, through public advertisement including in the price band advertisement.

52. Risk Factors :

- i. **All the risk factors are required to be rearranged based on the materiality.**
- ii. It may be noted that the risk factors are unnecessarily elaborated and some of the factors relating to industry, business, supply, regulations etc. are stated which may be redrafted/removed from the risk factors and suitable cross-reference may be provided.
- iii. LM is advised to ensure that every risk factor shall be substantiated with data and /or suitable cross-reference may be provided.
- iv. LM is advised to move all risk factors pertaining to actions by relevant regulatory/statuary body under top 15 risk factors.
- v. RF 4 – LM is advised to note that % share of studded jewellery is calculated by the issuer, then why reference to Redseer report is made for the definition. LM is advised to ensure that reference to report to be removed and the manner in which issuer has defined studded jewellery to be disclosed.



- vi. RF 5- LM is advised to disclose the adverse implications of the summons being issued by ED including prosecution/jail term and ensure elaborate disclosure as made on page 399-400 of the DRHP to be stated in the risk factor.
- vii. RF 6 – LM is advised to move this as RF 1. LM is advised to disclose it in the title that it has not made profits since incorporation. LM is advised to disclose revenue in the table.
- viii. RF 8 – LM is advised to merge with RF 3.
- ix. RF 9 – LM is advised to move in top 5 RFs. LM is advised to ensure that table in RF 4 to be included in RF 9. LM is advised to disclose impact of high inventory on profitability, liquidity, and other financial aspects of the Issuer Company.
- x. RF 14- LM is advised to note that RBI show cause notice appears to have meetings held in December 2023 and then July 2024, but matter of concern has not yet concluded. LM is advised to disclose this concern on page 400 and Risk Factor 14 second paragraph which need explanation as to why the matter is taking so much time from 2023.
- xi. RF14 and Page 117 - LM is advised to move this risk factor to Top 2 Internal Risk Factor. Further, LM is advised to confirm that whether the company has RoC Filing receipt, if not LM is advised to provide a sworn affidavit from the promoters and issuer Company for all the issuance listed in the risk factors specifically mentioning that filing was done with RoC within specified time and with requisite fees. Also, LM is advised to ensure that the affidavit should clearly mention that the entities can face action in case the confirmation provided in affidavits found to be untrue in any manner.
- xii. RF 15- LM is advised to disclose aggregate claim value of non-material civil litigation and count of such non-material civil litigation.
- xiii. RF 17- LM is advised to disclose a brief summary in the risk factor and on page 393 of what Bullion Price Risk Management Policy will entail for the issuer: 100% hedging or partial hedging? LM is advised to disclose the trend of market price of Gold and Diamonds and other specific raw materials which may have significant impact on the price of finished goods of the company.
- xiv. RF 18 & 19- LM is advised to note that the risk factors are not covering the following explicitly: Omni channel & specially online channels (website and mobile apps) face cyber security risk including hacking or compromise of users financial or other personal data, and hence can lead to financial or other liability including under DPDP Act. LM is advised to make suitable disclosure in the risk factor.
- xv. RF 20 & page 342 – LM is advised to ensure that delay in repayment of loan to be given in separate RF in top 10/15 RFs. Further, LM may note that by using million and then reporting zero is not fine, LM is advised to reduce the amount to thousands



or lacs to ensure accurate and useful disclosure in the risk factor and the entire DRHP, wherever applicable.

- xvi. RF 20- LM is advised to disclose an independent risk factor for delays in servicing NCDs and loans which shows financial indiscipline. LM may highlight delay and default and to spell out the consequences as per the terms of issue of NCDs or loan terms of such default. LM is advised to disclose the same in RF 31 & 47.
- xvii. RF 21 – LM is advised to ensure that amount spent on technology, upgradation, etc. to be disclosed in tabular form.
- xviii. RF 25 - LM is advised to ensure that split between own stores and franchise store to be brought out and outline of terms of franchise and risks posed by franchisee not adhering to terms to be spelt out in the risk factor and also on pages 206-207 which outline the types of franchise ownership models. LM is advised to specify its model in this risk factor. Further, LM is advised to refer page 213 wherein for the first time it states that apart from 110 company owned stores, there are 93 franchised stores – this information needs to be uniformly specified including in comparison with peer set.
- xix. LM is advised to disclose in a separate risk factor the challenges faced in franchisee system and why the need/desire to reduce dependency for capital (as stated on page 230)
- xx. RF 27- LM is advised to disclose the specific types of RPTs that have happened in the past.
- xxi. RF 29 - LM is advised to disclose whether any delays or defaults happened with respect to gold metal loans. LM is advised to ensure that such risk may happen to be brought out along with the consequences in the risk factor.
- xxii. RF 31- LM is advised to note that the risk factor makes no mention of the delays and defaults which have happened. LM is advised to see comments on RF 20 above and may consider sequential disclosure of the risk factors- 20, 31 & 47 under top 25 risk factors.
- xxiii. RF 33- LM is advised to note that the risk factor mentions of returned purchases and merchandise returns, LM is advised to ensure that the extent of the same to be brought out as a percentage of total sales OR some relevant parameter.
- xxiv. RF 44- LM is advised to note that identification of monitoring agency should be an upfront requirement. LM is advised to update, the risk factor, page 98 and page 142.
- xxv. RF 47- LM is advised to bring out that the Issuer deals with one day one rupee default principle for debt securities which can adversely impact due to the delays.



- xxvi. RF 48- LM is advised to bring out the role of ASCI and its determinations as well on advertising quality.
- xxvii. RF50- LM is advised to quantify the losses incurred due to the events described in para one.
- xxviii. RF 57- LM is advised to bring out how much shares held without encumbrances or pledge and to also reflect post issue pledged and freely held shares. If taken against loans, LM is advised to disclose tenure of the loans and also to update details on page 289.
- xxix. RF 63- LM is advised to specify the maximum percentage of equity dilution that may happen due to ESOP plan
- xxx. RF 67- LM is advised to disclose any GST related issues or non-compliance?

53. Additional Risk Factors: In respect of additional risk factors, LM is advised to disclose the following risk factors separately instead of merging them.

- a) Page 106:- LM is advised to add a separate risk factor with details of customer grievances, escalation mechanism, board level monitoring and committee monitoring.
- b) LM is advised to insert the Risk Factor with respect to industry report paid/commissioned by the Issuer.
- c) LM is advised to insert the Risk Factor with respect to accumulated losses and comments for going concern by auditor on page 370 of DRHP.
- d) LM is advised to include a similar risk factor for future dividend/bonus issues. LM is advised to state revenue under pre and post bonus issue.
- e) LM is advised to include a risk factor in top 15 RFs regarding RPTs, % of revenue and purchases from related parties and overall RPTs to be disclosed.
- f) LM is advised to include a risk factor in top 15 RFs pertaining to any sharp increase in material costs without an equivalent increase in product prices impact on profitability.
- g) LM is advised to include an additional risk factor in top 20 risk factors pertaining to complaints against the company, (if any) from various stakeholders of the company and may include litigations against the promoters and outstanding regulatory proceedings with suitable cross-referencing.
- h) LM is advised to include a risk factor in top 10/15 RFs regarding OFS and that the issuer will not receive any funds.
- i) LM is advised to include a risk factor stating that :

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- i. The present offer details of OFS and Fresh Issue.
- ii. The company is offering OFS ___'X'___ times of Fresh issue along with selling shareholders' details in tabular form such as Pre-issue holding, Acquisition cost, Present offer for sale.
- iii. And that the company is only going to receive funds from fresh issue to be deployed in stated objectives. LM may keep this risk factor in top 10 risk factors category.

54. LM is advised to define and explain the relevance of “unique online sessions” in the risk factor section/ offer document as the definition submitted in its response was not satisfactory.

55. General Information:

- a) Page 95: LM is advised to add name of signing partner and email for reaching out and contact person for law firm / legal advisors / legal counsel in the section.
- b) Pages 97 and other pages in the offer document, LM is advised to add QR code for accessing all relevant web links mentioned in the offer document.
- c) Page 98: LM is advised to justify and confirm whether “RedSeer” an expert requires specific mention? If not, LM is advised to remove the same.

56. Capital Structure:

- a) LM is advised to disclose the reasons for consolidation and sub-division of equity shares of the company within a span of 1 month.
- b) Page 125 - LM is advised to confirm that no. of shareholders of the company is not more than 199 since incorporation.
- c) Page 126-127- LM is advised to add a “Total” Row in the tables being disclosed in this section.
- d) Page 130: ESOS –LM is advised to describe the percentage of total equity capital that the ESOP pool and ESOP grants and exercised/lapsed comprise as the same isn't specified in the offer document.
- e) LM is advised to confirm whether there has been any instance of issuance of equity shares/preferential shares in the past by the issuer Company, the Group Companies or entities forming part of the Promoter Group to more than 49 investors.
- f) LM is advised to confirm that the Issuer Company informs ROC/MCA for any missing of records.
- g) LM is advised to ensure compliance in both letter and spirit w.r.t. lock-in requirements of minimum promoters' contribution & underwriters as per ICDR Regulations, 2018.



- h) LM is advised to refer footnote on pre-IPO and disclose at appropriate places that utilization of pre-IPO proceeds towards the stated objects of the issue, shall be monitored by Monitoring Agency.

57. Objects of the Issue:

1. Page 138- Object 1- LM is advised to disclose bifurcation of internal accruals/equity and working capital loan in the table.
2. Page 142 - LM is advised to ensure that no lien should be created, directly and indirectly, on IPO funds.
3. Page 142 - LM is advised to disclose that monitoring agency should provide their comments on the usage of IPO Proceeds in terms of amount and period being disclosed in the offer document.
4. GCP – LM is advised to ensure that GCP may not to be used for working capital requirements as working capital is a separate object.
5. LM is advised to confirm that irrespective of the Issuer Company getting listed or not, all costs and expenses shall be shared in proportion between the Company and Selling shareholders.
6. LM is advised to refer page 138: Table and footnote stating "...receivables from franchise", LM may note that the model describes this as a means of finance and not traditional franchise. if so, then LM is advised to disclose what is the receivables from them.
7. LM is advised to ensure that references to franchise and franchisee stores to be made consistent across the offer document.
8. Page 142: Interim use – LM is advised to confirm whether the commitment to not invest in equity markets is sufficient, given sudden speculation/inclination towards F&O or debt markets. LM is advised to disclose whether the equivalency of bank deposit be made by requiring temporary deployment only in mutual fund schemes of A12 and above and not any other type of investments.

58. Our Business:

- i. LM is advised to note that - Our Business section contains too much of information from Industry section and lot of data is for future projections of market. LM is advised to disclose only specific details along with cross-reference to actual data in Industry section. LM is advised to ensure that the focus of this section should be on the issuer's business rather than industry & its projections. LM is advised to avoid citing marketing or relative statements from self-sponsored report & avoid terms such as "digital-first/seamless/pan-India/leading/leading Jewellers Retails....Etc." LM is strictly

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advised to redraft the introductory paragraphs of this section. LM may provide a cross-reference of the report at the end of this section, if required.

- ii. LM is strictly advised to disclose the product portfolio in introductory pages and details of all 3 manufacturing facilities, capacity utilization, employees, revenue from different channels.
- iii. LM is strictly advised to remove the sub-section from Our business section- *Founder-led Company Supported by an Experienced and Professional Management Team and backed by Marquee Investors.*
- iv. Competition - LM is re-advised to include a comprehensive peer analysis and include the same in the sub-section.
- v. LM is advised to provide confirmation that Provident Fund (PF)/ESIC/Income Tax payments have been made and other government / statutory dues have been made on timely basis for all eligible employees of the issuer/its subsidiaries and if not, include a Risk Factor for the same in top 25 risk factors.
- vi. Customers/Suppliers: LM is advised to ensure that the section shall suitably disclose customer/supplier concentration, if any.
- vii. LM is advised to refer table on properties and disclose the implication after lease expiry. LM is advised to confirm disclose whether all the properties are situated on non-agricultural land, if applicable.
- viii. Page 215 – LM is advised to note that since the section is 'our business ', disclosure of industry gross margin is wrong, gross margin of issuer to be disclosed.
- ix. Page 215 – LM is advised to disclose & explain if repeat is order placed in the same year or any time previously.
- x. Page 227 – LM is advised to disclose details if any stores (owned & franchise) closed. LM is advised to disclose tables on same page for ease of reading.
- xi. Page 227 - LM is advised to merge the tables – Tier – Wise and Physical Presence.
- xii. Page 229 - LM is advised disclose revenue from Company Stores and Franchisee Stores separately.
- xiii. Page 230 - LM is advised to disclose the efficacy of omni-channel by disclosing the revenue from various online and offline channels.
- xiv. Page 247 - LM is advised to ensure that if there are any conflict of interest between the lessor of the immovable properties, (crucial for operations of the company) and the company, Promoter, Promoter Group, Key Managerial Personnel, Directors and subsidiaries / Group Company and its directors, the same should be disclosed at all the relevant sections of the offer document.

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- xv. LM is advised to disclose revenue from online & offline, revenue from franchise stores or average revenue from franchise stores. LM is advised to disclose as a separate RF in top 10/15 showing dependency on one of the channels (online/offline, franchise).
- xvi. Gold scheme –LM is advised to disclose details of how much revenue is generated from this scheme.
- xvii. LM is advised to note that Issuer has paid job work charges, but there is no mention of job work in “our business” section, LM is advised to disclose % of production from job work.
- xviii. LM is advised to refer Page 244: loyalty / incentive scheme section - monthly installment plan represents an advance money collected against sale, and disclose how this is shown in the books of accounts. Further, LM is advised to disclose details such as how large have been the collections under this model, what kind of uptake has this had, how much of sales arise from this scheme, any penalties or fees for non-deposit or late deposit, is the deposit refundable at request of the consumer. LM is advised to disclose this as a risk factor in top 30 risk factors about consumers suspending contribution to the scheme.
- xix. Page 245: LM may note that as stated, blue credits represent a claim on the company for future purchases by the blue credit holders (akin to reward points offered on cards or air miles on airlines) – LM is advised to indicate how the same is shown in books of accounts, total liabilities under this mechanism/scheme and what kind of growth has happened and have these lapsed as well, how are lapsed blue credits treated? Also LM is advised to disclose risk factor under top 30 risk factors on this scheme. Further, LM is advised to refer page 312 on treatment of gift voucher –LM is advised to disclose how much has been earned as other income from such scheme and confirm if the same is disclosed, if material?

59. History and Certain Corporate Matters :

- a) Page 265 – LM is advised to note that milestone of ‘establishing 250th store’ is misleading since there are only 203 stores active, either remove this or to qualify that some stores have closed & this no. includes those which are also closed (for 50th, 100th, 150th also, if applicable.)
- b) LM may note that page 266 section on defaults or rescheduling/restructuring of borrowings, is not specifying the delays in servicing of loans and bonds, LM is advised to make suitable disclosure as given in observations for RF 20, 31 & 47 above.
- c) Page 268 - LM is advised to ensure that appointment of any nominee director (before listing) should be subject to shareholder’s approval post listing.

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- d) Page 268 - LM is advised to categorically disclose that no rights of any nature shall survive post listing.

60. Page 249, Key regulations and policies in India – LM is advised to bring out about applicability of Indian securities law to the issuer, also to check and accurately specify the status of the DPDP act - in the para at page 252, it may be noted that the act is abbreviated to data protection act – the same should be referred as DPDP Act for sake of clarity.

61. Basis for offer price:

- a) With respect to peer group, LM shall disclose the basis for selection of the disclosed peers.
- b) Page 146:- LM is advised to choose peers whose revenue from operations are similar to the Issuer Company.
- c) Page 146- LM is advised to note that the table has numbers not appearing in same row, therefore LM is advised to adjust the table so the numbers are appearing together as it impacts readability and comparison, also if tables being on same page would be useful. LM is advised to disclose issuer's as well as and the comparators' data on the same page.
- d) Page 146-147 - KPIs – LM may verify and add breakout of franchise stores and own stores as the same appears to be a suitable metric to be included in the list of KPIs.

62. Financial Indebtedness - With respect to loans from directors, LM shall disclose the details of the directors, objects of the loan, confirmation from statutory auditor on utilization of the same and other terms.

63. Industry Overview - Page 189 and 191: LM may note that the rate of customs duty on gold import was reduced and hence the same to be updated on this page last paragraph.

64. Our Management-

- a) LM is advised to disclose whether any independent director is also an independent director in any of the subsidiaries or associate companies of the Issuer. LM is advised to confirm and disclose explicitly whether any independent director is related to the company/subsidiary/promoter/director/promoter group/associates/group companies etc. in any manner.
- b) Page 272: LM may note that in the mention of foreign company directorships held by "Prashanth Prakash", the country of incorporation of such foreign companies is absent, LM may include the same. LM is advised to verify and disclose how will due attention be provided to this board role especially when it is planning to be a listed company, when the person in concern seems to be on 18 boards in India and 3 outside.



- c) Listing of directorships of the board members- LM is advised to clearly identify which of the companies are listed, which have filed DRHPs and which are non-profitable & to specify the country of incorporation for foreign companies.

65. Financial Information:

- a) Page 314 (para 2.11) & page 375- LM is advised to note that there is a mention of loan by company to ESOP Trust –LM is advised to disclose quantum of loan in appropriate section of DRHP. Further, it states that the Trust will purchase shares from market, LM is advised to verify whether the same is permissible and quote relevant regulations. LM is advised to disclose which market it is acquiring from if issuer is unlisted. Also, it states that the Trust is treated as an extension of the company, so the shares acquired are treated as treasury shares, however Company law in India doesn't permit companies to own its own shares or have treasury stock - if at all, and LM is advised to confirm if the reduction of share capital is required, it may also be noted that disclosure is unclear as to details of no. of shares, percentage of capital, no. of employees who are beneficiaries of the trust and breakout of such employees. LM is advised to refer item 3 at page 400 where ROC seems to have also asked questions regarding the trust. In view of above, LM is advised to disclose relevant information in the offer document.
- b) Page 320- LM is advised to verify and disclose whether the reporting on accounting software not having audit trail feature enabled is of serious concern, whether any further review been done and what remediation has been undertaken. LM is advised to disclose reasons as to why has not this been flagged as a Risk Factor in the offer document.
- c) Page 323 & 341- LM is advised to note that remark appearing in the table under clause ii(b): it states inventory lying at franchise location is inventory of the company - however it then says that franchisee has ability to obtain credit on basis of such inventory – LM is advised to disclose how is this possible and how does loan against inventory by franchisee work?
- d) Page 324 – LM may note that there are many a mention of wrong bifurcation of shares held and subsequent rectification, LM may consider reconciling the same with the capital structure section and obtain affirmation from the concerned shareholders on rectification being to their satisfaction.
- e) Page 361- LM is advised to clarify and give reasons for disclosing NA for rate of interest in respect of "capsave entry."



- f) Page 345 - LM is advised to include detailed disclosure on quantum of liabilities as “Gift Vouchers” & “Gold mine scheme” along with their regulatory requirements under Our Business section.
- g) Page 361 & 380 - LM is advised to make relevant disclosure on Phantom Option Scheme 2016 such as objective, no. and details of participants and make revised disclosure.

66. **Summary of Financial Information-** LM is advised to ensure that the observed growth in key financial ratios including revenue and profit and its associated reasons shall be duly explained and discussed under MDMA section. The disclosure shall provide quarter/quarter sales/profits. Cross-references to the same shall be provided wherever applicable.
67. **Our Associate-** Page 270: LM may note that in dealing with and describing an associate “Redefine Fashion”, there’s no explanation on why the issuer has 63.05% equity stake on a fully diluted basis (since instruments held are compulsory convertible preference shares): this should in fact be disclosed as if a subsidiary. LM may consider verifying the above. Further, in this section, it is also stated that associate has no business interest in the issuer and issuer states that there are no common pursuits, yet it is holding 63%, LM is advised to rectify the disclosure.
68. **Our Associate-** Page 270: LM may see page 362 - events after the reporting period - item 5, and note that while the paragraph cross- reference refers to summary of RPTs, there’s no disclosure appearing there - so the cross reference may be dropped/ correctly disclosed. LM is advised to disclose all disclosures pertaining to Ethereal and its acquisition as disclosed in clarifications submission to SEBI or otherwise as the Ethereal acquisition which has been disclosed as will be acquired pursuant to a non-binding term sheet, therefore LM may consider including key financial information of the entity in terms of pro forma or key ratios such as revenue etc/ specified in the DRHP.
69. Page 393- New products or business segments – LM is advised to elaborate here on proposed “Ethereal acquisition” & and “Redefine Fashion” and what they entail as the bare mention is not sufficient and requires explanation and elaboration.
70. In outstanding litigations (page 399) while details of cases below materiality threshold isn’t required, LM is advised to disclose a table with count of civil cases and the cumulative value of claims against the issuer.
71. Page 406- LM is advised to consider “Ethereal” and redefine it as group company, (as and when qualifies) and specify in this section.
72. LM is advised to confirm that irrespective of the Issuer Company getting listed or not, all costs and expenses shall be shared in proportion between the Company and Selling shareholders.



LM is advised to disclose is advised to ensure such disclosure in all other DRHPs and offer documents.

73. LM is advised to disclose reasons for increase in equity share capital in past 3 years in relevant section.

74. LM is advised to confirm that “test of independence” of directors were conducted by the LM in their due-diligence process and to confirm that all independent directors are independent and not related in any manner to the promoter/director/promoter group/KMP of the company, subsidiary, associates/group companies. Further, LM is advised to confirm that the composition of board of directors is in compliance of relevant sections of Companies Act and SEBI LODR Regulations, 2015.

75. LM is advised to confirm that irrespective of the Issuer Company getting listed or not, all costs and expenses shall be shared in proportion between the Company and Selling shareholders.

76. LM is advised to confirm and disclose that the Articles of Association (AoA) does not give any special rights of any kind to any person.

77. Legal and Other Information :

- a) LM is advised to identify and include risk factor for material litigation which may adversely affect the company.
- b) LM shall update the details of the status of litigation with the latest/ updated position of litigations against promoter/ promoter group entities/ company and the companies promoted by the issuer.
- c) 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.
- d) LM is advised to ensure the disclosures of all actions taken by the statutory and regulatory authority.

78. **Government and Other Approvals:** LM is advised to disclose any material approval/ license which is going to expire in near future and will require renewal.

79. LM is advised to ensure that post-listing, considering the business model of the Company, the issuer should disclose relevant metrics indicating its performance against the objects for which funds have been raised, on a quarterly basis along-with the financial results. The above disclosures may be made at least till the proceeds of the objects have been fully utilized.

80. LM is advised to include the following disclosures under section “Monitoring of Utilization of funds”

- a) The proceeds of the issue shall be monitored by the Audit Committee till utilization of the proceeds.



- b) Audit Committee of the Parent Company to certify the utilization of proceeds by subsidiaries towards organic/inorganic growth initiatives.
- c) Investment in foreign subsidiaries towards repayment of loan, organic/inorganic growth initiatives to be in compliance with FEMA guidelines and other applicable laws.

81. LM is advised to update the RHP in respect to all pending litigations including for any legal notices where the Company is in receipt of such notices post filing of DRHP.

82. LM is advised to ensure that the details of all the criminal matters initiated against the company, group companies, directors, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the RHP along with appropriate risk factors in this regard.

83. History and Certain Corporate Matters

- a) LM is advised that inter-se agreements/ arrangements between the shareholders are disclosed under section "History and Certain Corporate Matters".
- 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) 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 before or on the date shares are allotted to public shareholders in IPO, without requiring any further action.

84. LM is advised to confirm and disclose that for the funds kept with the Banks raised through the public issue and pending utilization, no lien of any nature shall be created on the underlying funds.

85. 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. 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.

86. LM to provide a confirmation for the issuer, its group companies, promoter group, entities where promoter is a director, associates, subsidiaries and other related entities - whether any entity has ever been involved in the act of money mobilization in any manner and whether any Regulator/ Agency has at any time sought any information in any manner, if not LM is advised to provide a negative confirmation.



87. LM is advised to ensure that the pre – IPO placement offer may not breach the ICDR guidelines and is advised to adhere to ICDR Regulations pertaining to pre-placement amount.
88. LM is advised that a categorical statement from the Issuer Company/ Promoters / Shareholders, may be provided that there are no other inter-se agreements/ arrangements 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 minority / public shareholders. 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.
89. Further, the LMs shall also confirm to SEBI that they have gone through the inter-se agreements/ arrangements, if any, as disclosed in the DRHP and they also do not see any clauses / covenants which are material and need to be disclosed, which have not been disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the minority / public shareholders.
90. Please disclose the details of all profit sharing arrangements involving the Issuer, promoters, promoter group, directors and shareholders, if any.
91. 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.
92. 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.
93. If adjectives such as “largest”, “leader”, “strong”, “and differentiated” are used, the same should be explained and substantiated. If not substantiated, these terms should not be used.
94. The top 10 risks identified post rearrangement may be included in the summary of the offer document.
95. 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.
96. Detail of any individual and corporate guarantees provided by the promoters and directors in relation to loans availed by the Issuer.
97. With regard to the “Fees payable to the other advisors to the Offer”, LM is advised to disclose the services offered by such advisors and consequent responsibilities, if any.



98. 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.”
99. LM is advised to ensure that the following paragraph (including content of similar nature) from any/all section(s) of DRHP is removed.
100. *“None among our company, the selling shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.”*
101. LM is advised to include a reference to the circulars CFD/DIL2/CIR/P/2018/22 dated Feb 15, 2018 and CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 at all applicable sections in DRHP.
102. LM is advised to ensure compliance with the advisory issued by SEBI to all Merchant Bankers and AIBI vide mail dated July 04, 2023 with respect to disclosure of information pertaining to Pre-IPO placement and secondary transactions by promoter(s) and promoter group(s) in the Public Announcement, Price Band Advertisement and intimation to stock exchanges.
103. LM is advised to adhere to the following conditions:
- a) UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
 - b) UDRHP shall contain necessary updated disclosures justifying the offer price under Section – “Basis for offer price”, “Risk Factors” etc., particularly emphasizing on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration: P/E ratio, Market Cap / Total Revenue ratio, EV/EBITDA etc.), with corresponding suitable explanations so as to justify the offer price.
104. Price band advertisement:
- a. Price band Ad should contain risk factors related to business and financials.
 - b. The portion pertaining to “Risks to Investors” shall constitute at least 33% of the price band advertisement space.
 - c. Price band Ad may contain the top 5 risk factors under the Risks to Investors.
 - d. The font size for price band and “Risk to investors” should be increased to match the font of BID/Offer Programme.
 - e. 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.



- f. The portion pertaining to “BRLMs” shall not constitute more than 10% of the price band advertisement space.
- g. 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>			

- h. Mention market Value at Issue Price to Total Turnover and P.E. Ratio at issue price.

105. Price band advertisement: The advertisement shall contain top 5 risk factors. LM is advised to ensure compliance with all the directions given to Association of Investment Bankers of India (AIBI).

106. 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."*
- Any adverse data 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].”*
[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] %.”*

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.

107. LM is advised that Market Value at Issue Price to Total Turnover and P.E. Ratio at issue price can be added in Price Advertisement. LM is also advised to disclose the total market valuation of the company considering the higher and lower price bands.

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108. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
109. LM is advised to ensure that in the Section: Summary of the Offer Document, simple conversational language is used and No abbreviations to be used.
110. LM is advised to ensure that in the Section: “Definitions and Abbreviations” for Technical, Company / Industry related Terms or Abbreviations, along with the expanded form, suitable meaning / explanation is provided in simple language. Further, LM is advised to ensure that no abbreviations to be used in the abridged prospectus and Section- Summary of the Offer Document.
111. LM is advised to strictly use conventional industry specific terms/terminology and define the terms in brief in the offer document and avoid usage of terms which are not widely used as per industry standard practices. LM is advised to ensure that the language of the offer document remains simple and lucid.
112. LMs to include a categorical statement that they have gone through the Articles of Association (AoA) of the Issuer Company and confirm to SEBI that no special rights are available to the Promoters / Shareholders in the AoA, at the time of listing.
113. 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.

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 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. 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:

"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.

List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in

