



सहायक महाप्रबंधक

Assistant General Manager

र.मं.प.-निर्गम एवं सूचीबद्धता प्रभाग-2 / RAC- Division of Issues and Listing-2

निगम वित्त विभाग / Corporation Finance Department

SEBI/HO/CFD/RAC-DIL2/P/OW/2024/10530/1

March 14, 2024

Mr. Sundar Rangan

Arihant Capital Markets Limited

1011, Building No. 10, Solitaire Corporate Park,  
Guru Hargovindji Road, Chakala, Andheri (E),  
Mumbai - 400093

महोदया / महोदय,  
Madam / Sir,

**विषय / Sub: Proposed Rights Issue of Jyoti Structures Limited**

उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (डी.एल.ओ.एफ.), भारतीय प्रतिभूति और विनिमय 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 विनिमय बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोजर रिक्वायरमेंट्स) रेग्युलेशन्स, 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 (डिस्क्लोजर) 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 letter of offer 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 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) रेग्यूलेशन, 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 विनिमय बोर्ड (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन, 2018 के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख December 20, 2023 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 20, 2023 in accordance with SEBI (ICDR) Regulations, 2018.

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 71(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 71(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। आपसे अनुरोध है कि इस पत्र की प्राप्ति के 15 दिवस के भीतर अपना उत्तर प्रस्तुत करें।

The proposed issue can open for subscription within a period of 12 months from the date of issuance of this observation letter. You are requested to submit your response within 15 days of the receipt of this letter.

Place: Mumbai

  
Sonal Pednekar

Annexure I

OBSERVATIONS

1. Please refer to our email dated January 10, 2024, and your response dated January 23,2024 and all other correspondences exchanged. Wherever the LM has undertaken to modify the risk factors in its replies, the same shall be duly modified and incorporated in the updated Letter of Offer/Letter of Offer.
2. LM is advised to ensure that the changes made pursuant to our initial and subsequent clarifications are duly incorporated in the updated Letter of Offer/Letter of Offer.
3. Wherever the LM has undertaken to modify the risk factors in its replies, the same shall be duly modified and incorporated in the updated Letter of Offer/Letter of Offer.
4. 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.
5. **Summary of the Letter of Offer:** Simple conversational language to be used. No abbreviations shall be used.
6. Page 20: LM is advised to provide cross reference to the details (including reasons) of 'Reclassification of the Promoter Shareholder(s) from 'Promoter and Promoter Group' to 'Public' category.
7. Page 21: LM is advised to disclose reason for reduction in net worth despite increase in equity share capital for the period ended September 30,2023 as a footnote to the table.
8. LM is advised to provide reasons for increase in equity share capital in the footnote to the table. Further, LM is advised to include reason for decrease in net worth and also include a footnote for increase in number of shares below the table showing Net Asset Value (provided in the response dated February 9, 2024).
9. **Definitions and Abbreviations:** for Technical, Company / Industry related Terms or Abbreviations, along with the expanded form, suitable meaning / explanation to be provided in simple language.
10. LM is advised to disclose compliance with clause (1) of Schedule VI-Part B read with Regulation 70(2) of the SEBI ICDR Regulations, 2018.
11. LM is advised to disclose the material terms of the resolution plan entered between the issuer and its lenders under section – '*Our Business*'.
12. Risk Factors – The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.

13. Every Risk Factor shall be provided with a cross-reference to the detailed description of the facts/reasons in the updated Letter of Offer/Letter of Offer, wherever applicable with exact page number. LM is advised to provide comparable data in a tabular format and include data in risk factors at all applicable places.
14. LM is advised to confirm and disclose whether all material events as disclosed in the DLOF have been disclosed on the stock exchanges in compliance with the applicable SEBI Regulations. Similar disclosures to be made for all the RFs in the RFs itself and at other places in the document involving disclosure of material events or information.
15. Risk factors are not substantiated with relevant data. LM is advised to provide relevant data (amount and %) for the RFs.
16. With respect to all External Risk Factors, LM is advised to ensure that the same is factually correct and no irrelevant information shall be disclosed.
17. Risk Factor 1: LM is advised to disclose that one of the objects is payment to creditors as per Resolution Plan. Further, LM is advised to provide cross reference to the full details of the 'Resolution Plan'.
18. Risk Factor 2: LM is advised to disclose data and figures for the working capital in the risk factor for past 3 years and stub period in tabular format. Further, LM is advised to justify the term 'significant' or else remove the adjective.
19. Risk Factor 3: LM is advise to provide details of litigation proceedings relating to non-fund based facilities or give a cross reference where these details are provided in other section of the DLOF. Further, LM is advised to merge RF 3 and 4.
20. Risk Factor 5: LM is advised to provide complete details of non-compliance along with penalty levied/action taken by stock exchanges/SEBI/other regulatory bodies in a tabular format for the past 3 years and stub period. Further, LM is advised to disclose any non-compliance as on date. With regard to untraceable records, LM/Company is advised to take up the matter with MCA.
21. Risk Factor 6: LM is advised to disclose and ensure that Gross Proceeds of the issue are monitored by the monitoring agency. Accordingly, disclosure of Net Proceeds to be replaced with Gross Proceeds. LM is advised to disclose details about Resolution Plan or else give a cross reference.
22. Risk Factor 7: LM is advised to provide a table showing attrition rate of the KMP and SMP during the past 3 years and stub period.

23. Risk Factor 8: LM is advised to disclose delay about ongoing projects and also disclose data on order book.
24. Risk Factor 9: LM is advised to make it top 5 risk factor. Further, LM is advised to disclose table on cash flow from operating, investing and financing activities.
25. Risk Factor 10: LM is advised to disclose % of revenue contribution of key customers (no. of customers-top 5/top 10). LM is also advised to disclose instances of loss of contracts, delay in fulfilling existing orders, disputes or loss of market share or else give a negative confirmation.
26. Risk Factor 11: LM is advised to disclose % of cost of raw materials of the top 5/top 10 suppliers. Further, LM is advised to disclose past instances of supply failure or give a negative confirmation.
27. Risk Factor 13: LM is advised to disclose past instance of failure or delay in transportation and logistics arrangements in the past or provide negative confirmation.
28. Risk Factor 14: LM is advised to disclose details of non-compliance with LODR Regulations along with action taken by stock exchanges/SEBI during past 3 years in a tabular format.
29. Risk Factor 15: LM is advised to disclose details of pending approvals and give cross reference to the section 'Government and other statutory approvals'.
30. Risk Factor 16: LM is advised to disclose disruption affecting manufacturing facilities or operations in the past or give negative confirmation.
31. Risk Factor 18: LM is advised to disclose details amount of insurance coverage and claims made during past 3 years and stub period.
32. Risk Factor 19: LM is advised to disclose details of capacity utilization of the manufacturing facilities in a tabular format or provide cross reference to these details.
33. Risk Factor 21: LM is advised to demonstrate risk in the heading.
34. Risk Factor 22: LM is advised to disclose past instances where the third party contractors have failed to perform their obligations in the past 3 years.
35. Risk Factor 24 & 26: LM is advised to merge these risk factors.
36. Risk Factor 38: LM is advised to verify the statement '*Renouncees may not be able to ..... the Issue Closing Date*'.

37. LM is advised to disclose separate risk factor in top 15 that units of company were not operational in previous years and current status of these units now as provided on page no. 110.

38. Page 43: LM is advised to provide proper explanation for non-receipt of subscription of ₹15,260 equity shares of ₹2/- each.

**39. Capital Structure:**

- i) LM is advised to provide proper explanation under the footnote for non-receipt of subscription of 15,260 equity shares of ₹2/- each. Further, LM is advised to rectify the issue, subscribed and paid up capital in the table showing capital structure.
- ii) LM is advised to update status of listing and trading approval for the equity shares in lieu of Compulsorily Convertible Preference Shares.
- iii) LM is advised to disclose details of preferential issue (date of issuance, number of shares issued, etc.)
- iv) LM is also advised to include ratio of conversion of CPS to equity shares.
- v) LM is advised to clarify reason for non-allotment to promoters and disclose % holding of Aion Jyoti LLC and Apollo Jyoti LLC.
- vi) LM is advised to disclose number of shareholders as on date and eligibility of the shareholders for rights issue.
- vii) LM is advised to disclose capital structure with each dilution/issue separately.
- viii) Page 50: LM is advised to provide details about reclassification of 'Promoter and Promoter Group'.

40. **Resolution Plan:** LM is advised to incorporate necessary changes in this section as per all the correspondences with SEBI.

LM is advised to rephrase para on Debt restructuring mentioned on page no. 53.

41. **Objects of the Issue:** Since amount due is higher than the amount proposed to be repaid under the three categories, disclose how these creditors will be selected for such payment.

Further, LM is advised to disclose if the amount towards expenses of projects listed out in objects at page no. 57-58. LM is also advised to disclose current status of the projects along with estimated completion in a tabular format.

LM is advised to disclose at all appropriate places that objects of the proceeds towards GCP shall not be utilized towards working capital requirements.

LM is also advised to disclose details about projects mentioned in the table on page n. 57.



42. Page 59: LM is advised to disclose and ensure that Gross Proceeds of the issue are monitored by the monitoring agency. Accordingly, disclosure of Net Proceeds to be replaced with Gross Proceeds.
43. Page 61: LM is advised to disclose a separate risk factor on 'The Company or its shareholders will continue to obtain these benefits in future; or The conditions prescribed for availing the benefits, where applicable, have been/would be met with'.
44. Page 88: LM is advised to disclose a separate risk factor on 'Key risks and monitorable for the sector'.
45. LM is advised to disclose major projects completed in last 3 years and ongoing projects in 'Our Business' section.
46. **Our Management:** LM is advised to provide confirmation that none of the directors are related directly/indirectly to any of the shareholders or the company/ their CCPS holders.
47. Page 130: LM is advised to include suitable risk factor on trade receivable.
48. Page 130: LM is advised to include a risk factor regarding unavailability of audited financial statements of overseas subsidiaries (including step down subsidiaries), joint ventures.
49. Page 131/132: LM is advised to include separate risk factor w.r.t 'Independent Auditors Comments' including unaudited management accounts of two foreign subsidiaries for the purpose of consolidation mentioned at para B and C under 'Basis of Disclaimer of Opinion'.
50. Page 132: LM is advised to disclose a separate risk factor on para I and K.
51. Page 134: LM is advised to include separate risk factors w.r.t. para on:  
i) Statutory dues/compliances;  
ii) Revenue & Contracts and Trade Receivables (para a and c);
52. Page 134: LM is advised that stock exchange disclosure on all non-compliances to be confirmed in a tabular format.
53. Page 135: LM is advised to disclose risk factors w.r.t. erstwhile auditor's report, partial compliance with Ind AS requirements and internal controls separately.
54. Page 138: LM is advised to include a risk factor on recurring defaults w.r.t. debts covenants, legal, statutory and employee dues and compliance; etc.
55. LM is advised to disclose the actions, if any, taken by the stock exchanges in the last 3 years, in LOF at appropriate places including RFs.

56. LM is advised to disclose entire restructuring amount, creditors list, etc. in a tabular form with actual amount and restructured amount, time period, etc. and how the issuer is planning to pay off the creditors.
57. LM is advised to disclose summary of financial information in the Summary of the LOF, along with relevant accounting ratios.
58. LM is advised to disclose whether the report in the DLOF/LOF is an abstract or complete report. LM shall also disclose whether any material information/detail has not been included. If not, negative confirmation shall be included in this section itself.
59. Company/LM are advised to confirm AoA does not confer any special rights to any person in any manner and AoA is in conformity with SEBI Act and Regulations issued thereunder.
60. LM is advised to disclose track record of dividend payment to shareholders for the last 3 years.
61. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with Other Regulatory Authorities is made in the Letter of Offer.
62. 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 Letter of Offer and other Offer 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.
63. LM shall also ensure that all the complaints received by LM/Company or forwarded by SEBI be made part of the material documents for inspection.
64. LM is advised to ensure that the disclosure of details of all the criminal matters initiated by or against the company, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the Letter of Offer along with appropriate risk factors in this regard.
65. LM is advised to update the Letter of Offer in respect to all pending litigations including for any legal notices where the Company is in receipt of such notices post filing of Draft Letter of Offer.
66. LM is advised to disclose the following in the Letter of offer:
- i) Rights Entitlements (REs) which are neither subscribed nor renounced on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.
  - ii) If no application is made by the purchaser of REs on or before Issue closing date, then such REs will get lapsed and shall be extinguished after the Issue Closing



Date. No shares / other securities for such lapsed REs will be credited, even if such REs were purchased from market and purchaser will lose the premium paid to acquire the REs.

Persons who have bought Rights Entitlements (REs), shall require to make an application and apply for shares / other securities offered under Rights Issue, if they want to subscribe to the shares / other securities offered under Rights Issue.

\*\*\*\*\*

## Annexure II

### General Observations

1. LM is advised to ensure that prior to filing of Letter of Offer 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 83 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 letter of offer instead of general cross-referencing.
6. In pursuance of Regulation 71 Sub-Regulation 7(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 letter of offer, while also indicating the page number for the same.
7. ASBA:
  - iii) 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 centres 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.
  - iv) 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:

**ASBA \***

Simple, Safe, Smart way of Application !!!

**Mandatory in public issue from January 01, 2016**

**No cheque will be accepted**

*\*Application supported by blocked amount (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.\**

- a. The following paragraph on ASBA may be inserted in the advertisement/Communications:

*"APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA): Investors have to apply through the ASBA process. ASBA has to be availed by all the investors except anchor investors.*

*For details on the ASBA 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 Letter of Offer."*

*ASBA bid-cum application forms can also be downloaded from the websites of BSE Limited and National Stock Exchange of India Limited. ASBA form can be obtained from the list of banks that is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in).*

\*\*\*\*\*