



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

सहायक महाप्रबंधक

Assistant General Manager

निगम वित्त विभाग / Corporation Finance Department

SEBI/HO/CFD/RAC/DIL-1/EB/SM/OW/2023/34465/1

August 24, 2023

Axis Capital Limited  
1st Floor, Axis House  
Wadia International Center  
P.B. Marg, Worli, Mumbai – 400 025

Kind Attention - Ms. Lakha Nair

महोदय,

Dear Madam,

**विषय / Sub: R R Kabel Limited का प्रस्तावित आईपीओ / Proposed IPO of R R Kabel Limited**

- उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट), 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 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.

SN

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

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

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

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



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2. 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.**

3. 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 [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन्स, 2018] के अनुसार भी किया जाए। ऐसा करना इसलिए जरूरी है, ताकि निवेशक प्रस्तावित निर्गम (इश्यू) में निवेश करने के संबंध में सोच-समझकर निर्णय ले सकें।

It is to be distinctly understood that submission of offer document to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer 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.

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4. 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 (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 02, September 2022 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 May 05, 2023, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

5. 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.

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

7. अग्रणी प्रबंधक यह सुनिश्चित करें कि भारतीय प्रतिभूति और विनिमय 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

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(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 बताएं कि आपने लौटाई जाने वाली फीस की रकम की गणना कैसे की है और सेबी को किसके नाम पर चेक जारी करना होगा।

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

8. प्रस्तावित निर्गम (इश्यू) इस अभिमत पत्र के जारी होने की तारीख से 12 महीनों के भीतर पैसा लगाने (अभिदान करने / सब्सक्रिप्शन) के लिए खोला जा सकता है।

The proposed issue can open for subscription within a period of 12 months from the date of issuance of this observation letter.

स्थान / Place: मुंबई / Mumbai

(Sanjukta Mahala)

सहायक महाप्रबंधक

Assistant General Manager



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Annexure I

**OBSERVATIONS**

1. Please refer to our letter dated May 25, 2023, your letter dated June 06, 2023 and all other correspondences exchanged. In this regard, LM is advised to ensure that the changes made pursuant to our initial as well as subsequent set of clarifications are duly incorporated in the updated DRHP and RHP.
2. 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.
3. 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.
4. With respect to "Summary of the Offer Document" LM is advised to use simple conversational language and no abbreviations shall be used.
5. With respect to the section "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.
6. The LM to also ensure that the entire DRHP the language used 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 every place where they are used.
7. LM is advised to disclose the face value of the Issuer Company where the number of shares has been mentioned in the DRHP.
8. LM is advised make refer exact page no. of DRHP, wherein the details of information has been disclosed.
9. With respect industry reports commissioned by third party agency, LMs are advised that 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.
10. LMs are advised to include industry report in the list of material documents for inspection and also provide a link in the offer document including other material documents mentioned in the offer documents, for online access.
11. LM shall ensure that the offer documents of the company should provide - 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. 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.

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12. Risk Factors – Every Risk Factor shall be provided with a cross reference to the detailed description of the facts/reasons in the updated DRHP / RHP, wherever applicable.
13. 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. Also, LM is advised to add suitable risk factor as Risk Factor 1 in this regard.
14. The offer related expenses shall be deducted from the amounts received from 'Offer for Sale' and only the balance amount to be paid to the selling shareholders.
15. Industry report – LM is advised to remove the disclaimers and update the data.
16. LM is advised to ensure that the usage of funds is as disclosed in the Objects of the Issue and any spill over from the intended objects of the issue to the GCP is not carried out by the issuer company.
17. LM shall disclose the details of the pledged shares held by the promoters / Issuer Company / its subsidiaries.
18. 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.
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 as on March 2023 and of the stub period in suitable places in the DRHP.
23. LM is advised to update the details of borrowing in suitable places in the DRHP.
24. Under section Capital Structure, LM is advised to disclose the details of issuance of shares of the Issuer Company to TPG Asia VII SF Pte Ltd, one of the selling shareholders of the Issuer Company.
25. In Page 15 - LM is advised to disclose that the Industry Report is commissioned and paid for by the Issuer Company. Also, disclose the CCPS conversion ratio in the draft offer document.
26. Page 16 – LM is advised to confirm that TPG Asia VII SF Pte. Ltd. is in compliance with the provision of lock-in shares as per of ICDR Regulations, 2018.

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27. Page 17 – LM is advised to confirm/update the financial information/any figures pursuant to the issuance of shares after December 2022 has been incorporated suitably in the draft offer document.
28. Page 17 - LM is advised to confirm the diluted EPS considering the issuance of equity shares after conversion of CCPS.
29. Page 18 – Footnote \*\* - Other than proceedings involving our Directors – LM is advised to bring more clarity/disclosures in this regard.
30. Page 18 – LM is advised to disclose the related party transactions in the format having the names of the RPT, purpose, amount etc. for the last three years and stub period.
31. Page 19 – Weighted average price at which the specified securities were acquired by the Promoters and the Selling Shareholders of the Company –
- LM is advised to disclose regarding the shares of Kabra Shreegopal Rameshwarlal HUF, whether the said shares is allotted or transferred from others
  - Regarding TPG Asia VII SF Pte. Ltd., post conversion cost to be disclosed
32. Page 20 – With regard to the selling shareholder table, LM is advised to indicate the price of conversion into equity shares happened at all the places as applicable in the DRHP.
33. LM is advised to ensure that the disclosure of risk factors are based on materiality also provide adequate and correct cross referencing, wherever required.
34. LM is advised to appropriately include the following as Risk factors under suitable heading in the DRHP:
- LM is advised to make a separate risk factor regarding impact of in lease liability and outstanding dues of the Issuer Company
  - LM is advised to include the past data, if any on fire accidents due to electrical short circuits due to usage of substandard wires and cables resulting in casualties. LM to also disclose risk factor on usage of counterfeit products and impact of the same for the issuer company in the DRHP.
  - LM is advised to disclose a risk factor regarding exposure to competition from highly fragmented with a large number of unorganised players in the same line of business, constraining the pricing power.
  - LM to disclose the risk factor that some of the competitors have backward integration capabilities which may impact issuer company's performance
  - LM is advised to disclose a risk factor regarding import of raw materials, vulnerability to fluctuations in raw material prices and the impact on the revenue of the issuer Company.
  - LM is advised to make a separate risk factor regarding supplies quantity from original equipment manufacturers of the Issuer Company.
  - LM is advised to make a risk factor regarding distribution concentration risk.

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- LM is advised to bring a separate risk factor regarding operating loss faced by the Issuer Company in the home electrical business.
  - LM is advised to make a separate risk factor regarding warranty expenses of the Issuer Company.
35. LM is advised to delete the statement in the risk factors i.e. RF 1 & 2 i.e. “.....due to factors beyond our control....”.
36. RF 1 – LM is advised to include the heading of the risk factor suitably that “*The costs of the raw materials that we use in our manufacturing process are subject to volatility.....*”. Also, delete the table regarding London Metal Exchange cash settlement prices of copper and aluminum and disclose the percentage of cost material of copper and aluminum of the Issuer Company and its impact on the change in pricing of these materials in London Metal Exchange.
37. RF 1 – LM is advised to disclose the details of raw materials alongwith the percentage that the Issuer Company manufactures in-house.
38. RF 2 – LM is advised to disclose the absolute figures of wires and cables and equipment manufacturers.
39. RF 3 –LM is advised to disclose the obsolescence of the machinery of the Issuer Company.
40. Page 30 – LM is advised to disclose the reason for low capacity in Roorkee Facility. Also provide the reason for low capacity utilization of the products wires and cables at Waghodia Facility.
41. RF 4 –
- It is disclosed that “...our pan-India distribution network and have enjoyed amicable relationships with 68 distributors in our distribution channel to...”. LM is advised to avoid the underlined word suitably in the DRHP.
  - LM is advised to disclose the number of MOUs are in force and its benefit for the Issuer Company.
  - Advised to disclose the percentage of sales of the Issuer company in overseas market
  - Advised to disclose the percentage of sales of the Issuer company through e-com platform
  - Advised to disclose the absolute figures of revenue from operations from outside India w.r.t the top ten overseas distributors.
  - Advised to disclose the amount of revenue along with percentage regarding the e-commerce.

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42.RF 6 –

- LM is advised to disclose the impact regarding five applications for trademark registrations and 18 trademarks not yet applied to be registered with Trade Marks Registry.
- It has been disclosed that “...*For instance, as of December 31, 2022, 12 trademarks in relation to our RR Kabel brand have been opposed...*”. LM is advised to impact of the said statement.
- It has been disclosed that “...*We may also be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are adjudicated against us from third parties asserting infringement ....*”. In this regard, LM is advised to disclose any such claims happened in the past or pending with the Issuer Company.

43.RF 7 - It has been disclosed that “...*we have been made aware of several incidents of sales of counterfeit products in India..... made 31 raids on vendors of counterfeit products...*” In this regard, LM is advised to disclose the impact of the market share of the Issuer Company due to such type of incidents.

44.RF 7 – It has been disclosed that “*During the past three years prior to the date of this Draft Red Herring Prospectus, we have been made aware of several incidents of sales of counterfeit products in India. .... counterfeit products.*” In this regard, LM is advised to disclose the specific instances in the draft offer document.

45.RF 8 –

- LM is advised to modify the heading the risk factor by incorporating suitably that it was adversely affect the overall profitability of the Issuer Company.
- LM is advised to disclose the quality control steps adopted by the Company.
- LM is advised to disclose the revenue from Top 10 countries - countrywise revenue.

46.RF 9 – LM is advised to disclose the absolute figures and percentage terms that revenue from operations from outside India geographical segment of the Issuer Company. Also, disclose the absolute figures and percentage terms in the table w.r.t. the total foreign currency exposure.

47.RF 11 –

- In the instant risk factor, LM is advised to incorporate the word “incurring” after the word may result in.....
- It is disclosed that “*The home electrical business incurred operating losses in the past.*”. In this regard, LM is advised to disclose the impact of the financials of the Issuer Company due to such operating losses.

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48. RF 11 – LM is advised to clarify the inconsistency in brand uses as mentioned in the instant factor and at page no. 220 of DRHP. As disclosed in the instant RF that “.....not yet applied to be registered with Trade Marks Registry for a maximum period of four years, with a one-time option..... over time through Fiscal 2024”. As disclosed in Page no. 220 that “..... ‘Luminous’. Pursuant to the BLA, our Company is licensed to use the brands for an initial period of two years subject to extension of six months at a time for a maximum of four times”.
- Also, disclose the details of operating losses by the Issuer Company of the home electrical business incurred in the past.
49. RF 12 – LM is advised to disclose the instances of damages relating to any defective products, replace and recall or redesign such products in the past three years and stub period.
50. RF 14 – LM is advised to disclose the absolute figures regarding wires and cables and equipment manufacturers.
51. RF 17 – LM is advised to discrepancy of % figure as underlined below in the Para “.....As mentioned in the instant risk factor that “.....The market share of the branded players in the domestic wires and cables and fast moving electrical good industry grew from approximately 60% in Fiscal 2015 to approximately 75% in Fiscal 2022. (Source: Technopak Report) In Fiscal 2022, the market share of the branded players in the wires and cables industry was nearly 70%, while the market share of the branded players was approximately 65%....”
- LM is also advised to bring a separate risk factor regarding any of the product / segment having losses for the fast moving electrical goods which is facing loss for the last three financial years.
52. RF 20 - LM is advised to disclose the absolute figures regarding third party contract manufacturing contribution.
53. RF 24 – LM is advised to disclose the instances of hazardous materials and activities in Issuer Company’s operation which can be dangerous and could cause injuries to people or property.
54. RF 26 – LM is advised to disclose the total guarantees of the issuer company. Also, disclose the material covenants / clauses to be disclosed, if any and if, not disclose a negative statement in this regard. Also, advised to make detailed information regarding channel financing arrangements that the Issuer Company utilizes.
55. RF 28 – LM is advised to incorporate in the heading of the instant risk factor that the Issuer Company has commissioned and paid for a report titled report from Technopak Advisors Private Limited.
56. RF 33 – LM is advised to bring the instant risk factor to Top-5 risk factor.

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57. RF 34 – LM is advised to bring more clarity regarding the borrowing details of the Issuer Company from Citibank N.A. and Citicorp Finance India Limited such as sanctioned amount, outstanding amount, percentage of total borrowing etc.
58. RF 39 – LM is advised to disclose the last five year credit rating assigned to the borrowing of the Issuer Company. Also, disclose the negative statement, if there was no assignment of credit rating.
59. RF 40 – LM is advised to disclose the details of personal guarantees given by our Promoters and Directors of the Issuer Company.
60. RF 43 – LM is advised to make disclosure regarding the more information regarding the lease details of the issuer company.
61. RF 44 – LM is advised to disclose the percentage of revenue from the joint venture partners in the DRHP.
62. RF 45 – LM is advised to disclose the details regarding capital account amounting to Rs. 595.55 mn and also disclose the total figure of contingent liabilities and commitments.
63. RF 46 - LM is advised to disclose the reasons for negative cash flow in FY 2021.
64. Page 64 – LM advised to disclose the variation in capital work-in-progress, revenue from operation, cost of materials consumed from the fiscal year 2020 to 2022. Also, disclose the reasons for huge increase in figures of rights to use assets in December 31, 2022 compared to March 31, 2022.
65. Page 69 – LM is advised to disclose the name of legal counsel to the issuer in terms of SEBI ICDR regulations.
66. Page 76 – LM is advised to bring more clarity in foot note 2 below the Table.
67. Page 83 – Regarding allotment of preference shares allotted to TPG Asia VII SF Pte. Ltd., LM is advised to disclose the details of allotment, date, pricing, conversion etc. in the DRHP, wherever applicable.
68. Page 83 – LM is advised to disclose the initial allotment of preferential shares.
69. Capital Structure – LM is advised to disclose the type of shareholders such as promoter/promoter Group/public in all the tables w.r.t. the details of shareholding in the Issuer Company.
70. Page 104 – LM is advised to disclose the correct page no. of DRHP, wherein the details of borrowing has been disclosed.
71. Page 106 – Regarding offer expenses, LM is advised to disclose that even if the offer is not successful, the expenses shall be shared proportional to fresh issue and offer for sale.
72. Page 107 - Offer expenses - With regard to the other expenses, LM is advised to specify the services for expenses under miscellaneous expenses.
73. Page 116 – LM is advised to disclose the PAT of the listed industry peers alongwith the issuer company.

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74. Page 176 – As disclosed in DRHP “... We have one of the largest network of electricians, covering 147,810 electricians across India as on March 31, 2022....”. LM is advised to disclose the more details regarding the largest network of electricians alongwith comparative analysis of the electricians of the other companies, appointment, terms and conditions etc.
75. Page 176 - LM is advised to substantiate or remove the adjective statements mentioned under “Our Business” section in the DRHP.
76. Page 210 – LM is advised to disclose the details of entities from whom the lease have been obtained, lease payments etc.
77. Page 220 – LM is advised to bring more clarity on covenants and also, any material covenants to be continued regarding brand agreement. Also, under para regarding the scheme of amalgamation, LM is advised to disclose the details like assets, liability, loans etc. to be shown for the merger/amalgamation.
78. In page 222, LM has stated that there are certain special rights which are provided through SHA, which are waived off and parties have consented for the same. LM to confirm/ disclose the details of such agreements and disclose the same are material document for inspections in the DRHP.
79. Page 222, 446 – LM is advised to terminate the special rights such as right to nominate directors and others if any, in accordance with the provisions of Regulations. It is noted that there are nomination rights to TPG and promoters. It is also stated that upon listing only TPG shall have the nomination rights. LM to confirm/disclose whether the rights will cease at the time of listing.
80. Page 392 – LM is advised to disclose more details w.r.t. the action against Vipin Mittal such as who is Vipin Mittal, relation with Company/promoter/promoter group etc.
81. LM is advised to adhere to the following conditions:
- UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
  - UDRHP shall contain necessary updated disclosures justifying the offer price under Section – “Basis for offer price”, “Risk Factors” etc., particularly emphasising on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration, P/E ratio in case DRHP is filed under Regulation 6 (1) of the ICDR Regulations (and /or) Market Cap / Total Revenue ratio in case DRHP is filed under Regulation 6 (2) of the ICDR Regulations), with corresponding suitable explanations so as to justify the offer price”.
82. 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:

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*"Risks to Investors:*

- i. *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."*
- ii. *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.

83. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
84. LM is advised to ensure compliance with all the directions given to Association of Investment Bankers of India (AIBI).

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Annexure II

**GENERAL OBSERVATIONS**

1. LM is advised to ensure that prior to filing of RHP with Registrar of Companies, the Issuer Company has received crucial clearances / licenses / permissions / approvals from the required competent authority which are necessary for commencement of the activity for which the issue proceeds are proposed to be utilized.
2. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
3. LM is advised to ensure that prior to proceeding with the issue, "No Objection Certificates" are obtained from all the lenders with whom the company has entered into an agreement and the terms of such agreement require an approval to be taken.
4. LM is advised to ensure that adequate disclosures are made to disclose any material development which may have a material effect on the Issuer Company between the date of registering final prospectus or the red herring prospectus or the letter of offer, with the Registrar of Companies or designated stock exchange, as the case may be, and the date of allotment of specified securities, while ensuring compliance with Regulation 42 and Schedule IX of SEBI (ICDR) Regulations, 2018.
5. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
6. In terms of SEBI Circulars No. SEBI/CIR/ISD/03/2011, No. SEBI/CIR/ISD/05/2011 and SEBI/CIR/ISD/01/2012 dated June 17, 2011, September 30, 2011 and March 30, 2012 respectively, LM is advised to ensure that 100% promoter holding is in demat form prior to listing.
7. LM is advised to ensure that 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."
8. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
9. 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.



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**10. 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 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.

- ii) LM is advised to ensure that the ASBA mode of payment is highlighted in bold in all the advertisement / communication informing about the issue. Further, LM is also advised to ensure that the following is suitably incorporated in all advertisements / communications regarding the issue issued by the issuer:

- a. The following may appear just below the price information of the issue as shown below:

**"PRICE BAND: RS. xx TO RS. xx PER EQUITY SHARE OF FACE VALUE OF RS. xx EACH**

**THE FLOOR PRICE IS xx TIMES OF THE FACE VALUE AND THE CAP PRICE IS xx TIMES OF THE FACE VALUE**

**BID CAN BE MADE FOR A MINIMUM OF xx EQUITY SHARES AND IN MULTIPLES OF xx EQUITY SHARES THEREAFTER.**

**ASBA \***

(APPLICATION SUPPORTED BY BLOCKED AMOUNT)

Simple, Safe, Smart way of Application !!!

**Mandatory in public issue .No cheque will be accepted**



**now available in ASBA for retail individual investors.**

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

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