



सहायक महाप्रबंधक

Assistant General Manager

निगम वित्त विभाग / Corporation Finance Department

SEBI/HO/CFD/RAC/DIL-1/EB/SM/OW/2023/43411/1

October 23, 2023

Nuvama Wealth Management Limited
801 - 804, Wing A, Building No 3
Inspire BKC, G Block
Bandra Kurla Complex, Bandra East
Mumbai 400051

Kind Attn: Ms. Neetu Ranka

महोदय,

Dear Madam,

विषय / Sub: Flair Writing Industries Limited का प्रस्तावित आईपीओ / Proposed IPO of Flair Writing Industries 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.

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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 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 [पंजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिकायरमेंट्स) 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 विनियम बोर्ड (मर्चेन्ट बैंकर्स) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख July 14, 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 July 14, 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 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.

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

Annexure I

OBSERVATIONS

1. Please refer to our letter dated August 07, 2023, your letter dated August 23, 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 in suitable places in the DRHP.
23. LM is advised to update the details of borrowing of the Issuer Company and its subsidiaries at suitable places in the DRHP.
24. LM is advised to ensure that the disclosure of risk factors are based on materiality also provide adequate and correct cross referencing, wherever required.
25. LM is advised to confirm that all transactions in Equity Shares by the Promoters shall be reported to the Stock Exchanges within 24 hours of such transactions. Also, the details of such transactions shall also be included in the Price Band advertisement.
26. Our Management – LM is advised to disclose the details of nominees of the shareholders, if any.
27. Regarding Articles of Association, LM is advised to be guided by the principle that all special rights under any shareholder or other agreement or Articles shall stand terminated in accordance with the provisions and can be instated only on the basis of shareholder approval through special resolution.

28. Page 14 – Summary of the primary business of the Company - As disclosed in the DRHP “We are the largest player in pens segment in India, as of March 31, 2023...”. In this regard, LM is advised to justify the statement. Also, disclose the exact page no. of CRISIL Report in the DRHP.

29. Pre-IPO Placement – The DRHP contains a statement that “Our Company, in consultation with the BRLM may consider a pre-IPO placement.....”

The BRLM is advised to disclose prominently the price and the name of the shareholders on the day of the allotment if any Pre-IPO Placement is done. Since DRHP should not be used as a tool for raising Pre-IPO Placements and there may be ramifications in case of failure of the IPO or the Issuer Company not coming out with the IPO.

LM is advised to confirm that the Issuer Company/LM has appropriately written / intimated in letter to the prospective 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 is mentioned.

In reference to pre-IPO placement undertaken by the company, LM is advised to suitably disclose risk to investors applying in IPO at a price higher than the pre-IPO price in the price band advertisement.

LM is advised to ensure compliance with SEBI direction to AIBI vide email dated July 4, 2023 related to disclosures pertaining to Pre-IPO placement and transaction of shares by promoters and promoter group(s) in the Public Announcement and Price Band Advertisement.

LM is advised to make disclosure on deployment of Pre-IPO Placements in the offer document.

30. RF 2 – As disclosed in the said risk factor, total revenue as on March 2023 is Rs. 9426.60 and at page 161 under para Overview, it is Rs 7540.8 million. In this regard, LM is advised to clarify the said discrepancy of total revenue figure as on March 2023. Further, regarding “Pierre Cardin”, LM is advised to provide clarification, how the said brand to be included on the brand of Issuer Company as it seems to be coming under other brands.

31. RF 11 – It has been disclose that “.....Our Company acquired “Pierre Cardin” trademarks under class 16 registered in India from Flair Pens Limited, a member of the Promoter Group....”. In this regard, LM is advised to disclose details about Flair Pens Limited.

Further, it has been disclosed that “.....A predecessor entity, M/s. National Pen and Plastic Industries (“NPPI”), a partnership firm which converted into FPPIPL and subsequently merged into our Company pursuant to the Scheme, purchased certain “Hauser” trademark pursuant to an agreement for sale of brand dated March 31, 2014...”

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- In this regard, LM is advised to disclose details of the scheme under section Material Acquisitions or Divestments in the DRHP.
- 32.RF 12 – LM is advised to make a separate risk factor for agricultural land.
- 33.RF 13 – LM is advised to disclose the number of third party suppliers raw materials such as plastic powder, metal parts, metal coils, silicon, ink, tips, followers, packaging material, wax material and foil in the quantities required by the Issuer Company.
- 34.RF 15 - It has been disclosed that "...Our sources of additional financing, required to meet our working capital needs, may include the incurrence of debt in the form of additional working capital limits...". In this regard, LM is advised to disclose the details of fund raising by the Issuer Company, if any and if not, then delete the said statement in the DRHP.
- 35.RF 17 – LM is advised to disclose the third party vendor concentration in the said risk factor.
- 36.LM is advised to make a separate risk factor regarding conflict of interest Promoters and the Promoter Group for providing rent/lease to the Issuer Company.
- 37.RF 23 – LM is advised to disclose regarding the valuations for the funding made by the promoter / promoter group is based on fair price valuation or as decided by the promoter / promoter group.
- 38.RF 29 – LM is advised to make the said risk factor to Top 15.
- 39.RF 31 – LM is advised to make two separate risk factor as follows:
- Our Company will not receive any proceeds from the Offer for Sale portion
 - our Company's management will have flexibility
40. Page 80 – Lm is advised to provide the reason for pending updating on MCA website. Also, disclose the steps taken by the Company to resolve the issue.
41. Page 83 –
- Footnote 3 - *The bonus issue was in the ratio of seven equity shares for every one equity share held by the Shareholders, authorized by a resolution passed by the Shareholders dated August 14, 2018 with the record date as August 9, 2018 in the manner set out above by capitalization of the retained earnings and the securities premium account of our Company.* In this regard, LM is advised to justify the highest ratio of shares w.r.t. said bonus issue.
 - As regards the issuance of bonus shares, LM is advised to confirm regarding the lock in shares as per provisions of the ICDR Regulations, 2018

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42. Page 116 - Under para Offer expenses, it has been disclosed that “.....our Company will be reimbursed, severally and not jointly, by each of the Selling Shareholders for their respective proportion of such costs and expenses upon successful completion of the Offer.....” In this regard, LM is advised to make a statement that the issue expenses to be shares by the selling shareholders even if the proposed offer does not go through.

43. Page 120 – Quantitative factors -

- LM is advised to delete the statement “Largest player in the pens writing instruments segment in India”.
- Regarding statements “Diversified range of products across various price points catering to a wide spectrum of consumers”, LM is advised to justify the statement and the details in this regard is also disclosed at page no. 165 of the DRHP
- LM is advised to delete the statement “... of the largest exporter of writing and creative instruments in India”

44. Page 122 – point 6 – LM is advised to include the companies like Doms Industries Limited and Cello World Limited as the DRHPs are available on the public domain.

45. LM is advised to make a separate risk factor suitably to the following:

- regarding organized and unorganized players in the industry
- Driven by volume
- Price points are crucial
- Difficult to increase prices
- Brand recall is moderate due to impulsive buying in most cases
- Focus group: students, corporate supplies
- Essential to have deep retail penetration
- Mass-market products held a lion’s share in overall pen segment

46. Page 159 – Notes regarding “The numbers are not adjusted as per CRISIL standards” , LM is advised to bring more clarity.

47. Our Business

- a) Page 161 – Regarding the statement, “our flagship brand “Flair” has enjoyed a market presence of over 45 years”, LM is advised to justify the said statement.
- b) It has been disclosed that “In Financial Year 2023, we sold 1,303.60 million units of pens, of which 975.30 million units or 74.82% was sold domestically, and 328.30 million units or 25.18% was exported globally”. In this regard, LM is advised to provide the comparative figures of other Companies, otherwise delete the statement as disclosed in the DRHP.

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- c) Page 162 – it has been disclosed that “.....We have received an order from one of our key OEM customers with whom our Company has a relationship of more than 15 years....”. In this regard, LM is advised to disclose the detailed information like order date, delivery date, quantity, revenue contribution etc.
- d) Page 163 – The last two paragraphs i.e. “According to CRISIL, between Financial Years 2023 and 2028.....” and “According to CRISIL, the perceived magnitude of the threat posed by digital education” under “Overview” to be deleted
- e) Page 167 - Ability to partner with international brands in the writing instruments industry and one of the largest exporter of writing and creative instruments in India – LM is advised to justify the underlined statement having a detailed quantitative analysis, otherwise delete the underlined statement.
- f) Page 171 - Our strategy – LM is advised to disclose the strategy that has been approved by the Board, if any.
- g) Page 175 - It has been disclosed that “..... A predecessor entity, NPPI, a partnership firm which converted into FPPIPL and subsequently merged into our Company pursuant to the Scheme....”. In this regard, LM is advised to disclose the scheme details or refer the page no. of DRHP, wherein the details in this regard has been disclosed.
- h) For the following statements LM is advised to disclose the selling units and revenue amount to justify the highest selling:
- Page 175 - The highest selling “Flair” products in terms of revenue for the Financial Year 2023 were the “Ezee-Click Ball Pen” and the “Writometer
 - Page 176 - The highest selling “Pierre Cardin” products in terms of revenue for the Financial Year 2023 were the “Golden Eye Roller Pen” and the “Lapaz Ball Pen
 - Page 176 - We also offer products under our other brand “ZOOX”, a mid-premium category pen brand. We are also a distributor of “ZIG” pens of Japan in India.
- i) Page 178 – OEM business
- Details of OEM business
 - Details of customers for last three years
 - Revenue contribution for last three years
 - OEM customer concentration for last three years.
 - If there is customer concentration, then make a risk factor in this regard
- j) Page 179 – Key performance Indicators – LM is advised to disclose the revenue from products, segment-wise revenue of the Issuer Company.

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- k) Page 190 - Employees - LM is advised to disclose whether the statutory dues to the Govt and PF for all full time employees have been paid and now the employees for whom the statutory dues and provident fund are paid.
48. Page 201 – LM is advised to disclose the complete details of the scheme such as number of shares, ration, valuation etc.
49. Page 202 – LM is advised to disclose the financials of the subsidiaries for the past three years.
50. 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”.
51. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
52. 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.** List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in**.*

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