



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

Assistant General Manager  
Corporation Finance Department  
Division of Issues and Listing-I  
Phone: +91 22 2644 9288

SEBI/HO/CFD/DIL1/RG/SM/OW/P/2021/33301/1  
November 18, 2021

Elara Capital (India) Private Limited  
One International Centre, Tower 3, 21st Floor  
Senapati Bapat Marg, Elphinstone Road West  
Mumbai-400 013, India

Dear Sir,

**Sub: Proposed IPO of Puraniks Builders Limited (Issuer Company)**

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.

As Book Running Lead Manager (LM), you shall ensure that all changes are effected based on the observations / conditions contained in the Annexure before you file the offer document with the Stock Exchange / ROC. A letter confirming these changes and explaining, in seriatim, the manner in which each observation / condition has been dealt with along with your comments should be submitted to us before you file the final offer document with ROC / Stock Exchange. **NO FURTHER CHANGES SHOULD BE EFFECTED WITHOUT SPECIFIC WRITTEN CONSENT OF SEBI.**

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.

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बंदरा कुरिया कॉम्प्लेक्स, बंदरा (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](http://www.sebi.gov.in)

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kuria 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](http://www.sebi.gov.in)

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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 September 20, 2021, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

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.

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.**

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.

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.

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.

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

PLACE: MUMBAI

  
SANJUKTA MAHALA



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Annexure I

### OBSERVATIONS

1. Please refer to our letter dated October 07, 2021, your letter dated October 12, 2021 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. This is with reference to the exemption request of the issuer company dated September 20, 2021 for not disclosing Mr. Sourabh Naphade and any other entity which would form part of the Sourabh Naphade Promoter Group entities as part of the Promoter Group of the issuer company under Regulation 2(1)(pp) of the SEBI (ICDR) Regulations, 2018. The matter has been examined and the Competent Authority has decided to accede to your request.
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 DRHP and RHP.
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. 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.
6. 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.
7. 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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8. 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.
9. Page no. 27 - Risk factor 1 – LM is advised to disclose the effect of pandemic on the borrowings and its serviceability.
10. Page no. 29, 301 – LM is advised to take fresh consent from all the lenders and incorporate the same on the indicated page numbers.
11. Page no. 30 - Risk Factor 7 – LM is advised to move the Risk Factor to Top 5.
12. LM is advised to move the Risk Factor Nos. 12, 13, 19, 26 and 47 to Top 10
13. Page no. 35 – Risk Factor 12 - LM is advised to refer the exact page no. of the DRHP where the names of the projects along with the details of the detailed analysis of the time gap such as acquisition date and construction date, the reason of delay etc. has been disclosed.
14. Page no 37 - Risk Factor No. 14 – LM is advised to disclose the status of the penalty amount under the provisions of RERA. LM shall avoid the word “token” in the instant risk factor. Also disclose the exact page no. of the DRHP regarding the details of disclosure in this matter.
15. Page no 50 - Risk Factor No. 45 – Bring the risk factor to Top 15
16. Page no. 52 - Risk factor 53 – LM is advised to disclose the attrition rate of KMPs.
17. Page no 53 - Risk Factor No. 57 – LM is advised to briefly disclose the details of remedial steps taken to retrieve the missing documents of the issuer company.
18. Page no. 94 – LM is advised to ensure that before filing of the RHP, the set of loans that will be considered for repayment or pre-payment using the IPO proceeds, should be crystallized and updated.
19. Page no. 97 –With regard to the “Fees payable to the other advisors to the offer”, LM is advised to disclose the details of the said advisors, including their names, and roles & responsibilities.

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20. Page no 106 - LM is advised to remove the disclaimer that the "*Neither we nor any other person connected with the Issue have independently verified this information*" and also anywhere else in the DRHP.
21. Page no 140 – In para "*Proven track record for development of quality projects*" last line, LM is advised to disclose the completion time range (from start to handing over of the project) for these 6 projects.
22. Page no. 300 – LM is advised to disclose the details of each of the borrowing (including institutions/promoters/others) along with lender details viz lender, relationship, tenor, interest rate, security etc. in a tabular form
23. Page no. 301 – LM is advised to disclose any defaults / rescheduling / moratorium availed by the issuer company. Also, LM is also advised to disclose if any nominee director has been appointed by the lenders.
24. LM shall disclose the details of the pledged shares held by the promoters / Issuer Company / its subsidiaries.
25. Object of the issue - Prepayment / Repayment of outstanding borrowing
  - a) LM is advised to disclose the set of loans /NCDs that will be considered for repayment or pre-payment using the IPO proceeds, should be crystalized and updated.
  - b) For each borrowing proposed to be repaid, tenure, interest rate and penalty for pre-payment may be disclosed.
  - c) LM is advised to ensure that in cases where approval of a lender (as a part of loan agreement) is required to repay / prepay the debt of other lenders, such approval has been taken.
  - d) All instances of delays, defaults and rescheduling/restructuring of borrowings by Company, may be disclosed.
  - e) LM is advised to ensure that there is a reasonable outer timeline indicated for repayment of outstanding borrowing. In case the funds are not used for the stated objects by this timeline, the same may be construed as change in objects of the offer and shareholder approval should be accordingly taken.
26. Issue related expenses - LM is advised to disclose in details the expenses regarding "other advisory to the Issue" under issue related expenses



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27. Under section "Monitoring of Utilization of funds", LM is also advised to make suitable disclosure on following points:

- i) The proceeds of the issue shall also be monitored by the Audit Committee till utilization of the proceeds.
- ii) Issuer Company shall provide details / information / certifications obtained from statutory auditors on the utilization of the Net Proceeds to the Monitoring Agency.
- iii) Issuer Company shall for the purpose of quarterly report by Monitoring Agency, provide item by item description for all the expense heads under each object of the issue. For the purpose of same, the following expense heads as disclosed in offer document are to be considered:
  - A. <Objects of the Offer mentioned in DRHP - Heading>
    - a. Sub-heads given under objects
    - b. ....
  - B. <Objects of the Offer mentioned in DRHP - Heading>
- iv) Issuer Company shall in its quarterly Notes to Accounts of its Financial Statements include the employment of issue proceeds under various heads.
- v) Since the objects include investment in subsidiaries, the following may be disclosed:
  - a) Individual stand-alone financials
  - b) Information on business being conducted, sources of revenue, and indebtedness

28. 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.

29. 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.

30. LM is advised to disclose the details of each of the borrowing along with lender details, tenor, interest rates, security etc. and whether approval is required from lenders for the IPO and that the same has been obtained or not. Further, disclose which borrowing are proposed to be repaid out of the issue proceeds considering repayment of borrowing is one of the objective.

31. 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.

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32. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in RHP.
33. 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.
34. With respect to the complaints received from Shyam Prakash Sharma LM shall ensure complete disclosures for the same is made. LM shall also confirm whether the complaint shall have a bearing on the proposed issue.
35. LM is advised to ensure following disclosures in the Issue advertisement for announcement of Price Band and all further advertisements as a box item below the price band:

**"Risks to Investors:**

- 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] %."*

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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.

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

37. With regard to the exemption under regulation 300 of ICDR Regulations, 2018 by the issuer company, LM shall ensure to include the exemption letter of the issuer company in the part of the material document in the offer document. Further, the grounds for the exemption sought by the issuer company shall also be part of the offer document and in the relevant portion in the offer document regarding the exemption, a suitable explanation should be carried out and the same shall refer to the representations made.

38. LM is advised to do needful with respect to the followings:

- The portion pertaining to "Risks to Investors" shall constitute at least 33% of the price band advertisement space.
- The risks to investors shall include weighted average cost of acquisition of all shares transacted in last 3 years and 1 year, from the date of RHP, in the following format :

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

- The font size for price band and "Risk to investors" should be increased to match the font of BID/Offer Programme.
- Matters related to ASBA and UPI may be brought subsequent to Price Band, Risks to Investors, Bid/ Offer Programme and other offer details, and can be of smaller font.
- The portion pertaining to "BRLMs" shall not constitute more than 10% of the price band advertisement space

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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.

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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.

**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 !!!

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



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

*\* ASBA is a better way of applying to issues by simply blocking the fund in the bank account.*

*For further details check section on ASBA below.”*

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

*“ASBA has to be availed by all the investors except anchor investors. UPI may be availed by Retail Individual Investors.*

*For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section “Issue Procedure - Issue Procedure of ASBA Bidders” beginning on page xxx of the Red Herring Prospectus. The process is also available on the website of AIBI and Exchanges in the General Information Document.”*

*ASBA bid-cum application forms can be downloaded from the websites of Bombay Stock Exchange and National Stock Exchange and can be obtained from the list of banks that is displayed on the website of SEBI at [www.sebi.gov.in](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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