

From: Dhruva Jyoti Das <dhrubaj@sebi.gov.in>
Sent: 27 July 2023 12:11
To: Gaurav Mittal /CORP FNC/ISEC/MUMBAI
Cc: E BALASUBRAMANIAN; Sameer Purohit /CORP FNC/ISEC/MUMBAI
Subject: RE: Jupiter Hospitals Limited | Clarification

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Dear Gaurav,

With reference to the trailing email, you are advised to provides comments on the following:

1. LM to confirm whether beneficial owner of all the entities mentioned in the trailing email is same. If the BO is same for all entities, how the conflict is avoided while being LM for the issuer company.
2. Whether disclosure on the matter is proposed in the DRHP and how such disclosures can resolve the conflict.

Regards,
Dhruva

On 26 Jul 2023 2:27 pm, Gaurav Mittal /CORP FNC/ISEC/MUMBAI <gaurav.mittal@icicisecurities.com> wrote:

Dear Sir,

With regards to the following questions with respect to the draft red herring prospectus of the Jupiter Life Line Hospitals Limited (“**Company**”) dated May 10, 2023, filed with the Securities and Exchange Board of India (“**SEBI**”) on May 11, 2023, (the “**Draft Red Herring Prospectus**” or the “**DRHP**”), please see below our responses:

1. **Question:** Please provide shareholding of the JM related entities in the issuer company.

Response: The shareholding pattern of the associates of JM Financial Limited (which are companies, holding Equity Shares in the Company, as disclosed in DRHP) are provided below:

- a. *Shareholding pattern of JM Financial Products Limited*

| S. No. | Name of shareholders | No. of equity shares held as on March 31, 2023 | Percentage shareholding (%) as on March 31, 2023 |
|--------|--|--|--|
| 1. | JM Financial Limited along with its nominees | 542,944,350 | 99.71 |
| 2. | JM Financial Group Employees' Welfare Trust | 1,555,650 | 0.29 |

b. *Shareholding pattern of J M Financial and Investment Consultancy Services Private Limited*

| S. No. | Name of shareholders | No. of equity shares held as on March 31, 2023 | Percentage shareholding (%) as on March 31, 2023 |
|--------|--|--|--|
| 1. | Nimesh N Kampani | 994,000 | 4.52 |
| 2. | Aruna N Kampani | 280,000 | 1.27 |
| 3. | Vishal N Kampani | 280,000 | 1.27 |
| 4. | Amishi A Gambhir | 168,000 | 0.76 |
| 5. | Nimesh Nagindas Kampani (HUF) | 168,000 | 0.76 |
| 6. | Kampani Consultants Limited* | 11,005,000 | 50.00 |
| 7. | SNK Investments Private Limited* | 3,935,000 | 17.88 |
| 8. | Persepolis Investment Company Private Limited* | 5,180,000 | 23.53 |

* Kampani Consultants Limited and SNK Investments Private Limited have been amalgamated with Persepolis Investment Company Private Limited ("**Persepolis**") pursuant to the order dated May 18, 2023, passed by the National Company Law Tribunal ("**Order**") approving the scheme of amalgamation (the "**Scheme**"). The appointed date for the Scheme is April 1, 2022. The Order has been filed with the Registrar of Companies on June 16, 2023 and the same is pending with the Registrar of Companies for approval. Further, pursuant to the said Scheme, the name of Persepolis will change to SNK Investments Private Limited.

c. *Shareholding pattern of Kampani Consultants Limited**

| S. No. | Name of shareholders | No. of equity shares held as on March 31, 2023 | Percentage shareholding (%) as on March 31, 2023 |
|--------|--|--|--|
| 1. | Nimesh N Kampani | 156,910 | 31.38 |
| 2. | Aruna N Kampani | 24,420 | 4.88 |
| 3. | Vishal N Kampani | 22,400 | 4.48 |
| 4. | Amishi A Gambhir | 50 | 0.01 |
| 5. | Nimesh Nagindas Kampani (HUF) | 34,000 | 6.80 |
| 6. | SNK Investments Private Limited* | 142,220 | 28.44 |
| 7. | Persepolis Investment Company Private Limited* | 120,000 | 24.00 |

** Kampani Consultants Limited and SNK Investments Private Limited have been amalgamated with Persepolis Investment Company Private Limited (“**Persepolis**”) pursuant to the order dated May 18, 2023, passed by the National Company Law Tribunal (“**Order**”) approving the scheme of amalgamation (the “**Scheme**”). The appointed date for the Scheme is April 1, 2022. The Order has been filed with the Registrar of Companies on June 16, 2023 and the same is pending with the Registrar of Companies for approval. Further, pursuant to the said Scheme, the name of Persepolis will change to SNK Investments Private Limited.*

2. **Question:** Please provide the details of the significant beneficial owners of JM Financial Products Limited, J M Financial and Investment Consultancy Services Private Limited and Kampani Consultants Limited.

Response: The details of the significant beneficial owners of the entities mentioned above are as follows:

a. *Significant beneficial owners of JM Financial Products Limited*

JM Financial Products Limited is promoted by JM Financial Limited (“**JMFL**”), a listed entity whose equity shares are listed on BSE Limited and the National Stock Exchange of India Limited. As on March 31, 2023, JMFL holds 99.71% of the equity share capital of JM Financial Products Limited. As per Section 90 of the Companies Act, 2013, Mr. Nimesh Kampani is the significant beneficial owner of JMFL.

b. *Significant beneficial owners of J M Financial and Investment Consultancy Services Private Limited*

| S. No. | Significant beneficial owner | Percentage shareholding (%) as on March 31, 2023 |
|--------|--|---|
| 1. | Nimesh N Kampani [#] | 7.82 |
| 2. | Nimesh Nagindas Kampani (HUF) | 0.76 |
| 3. | Kampani Consultants Limited* | 50.00 |
| 4. | SNK Investments Private Limited* | 17.88 |
| 5. | Persepolis Investment Company Private Limited* | 23.53 |

Mr. Nimesh Kampani holds significant beneficial ownership of J M Financial and Investment Consultancy Services Private Limited and the erstwhile Kampani Consultants Limited as mentioned above acting together with the family members, viz., Aruna Kampani (Wife), Vishal Kampani (Son) and Amishi A Gambhir (Daughter).

** Kampani Consultants Limited and SNK Investments Private Limited have been amalgamated with Persepolis Investment Company Private Limited (“**Persepolis**”) pursuant to the order dated May 18, 2023, passed by the National Company Law Tribunal (“**Order**”) approving the scheme of amalgamation (the “**Scheme**”). The appointed date for the Scheme is April 1, 2022. The Order has been filed with the Registrar of Companies on June 16, 2023 and the same is pending with the Registrar of Companies for approval. Further, pursuant to the said Scheme, the name of Persepolis will change to SNK Investments Private Limited.*

c. *Significant beneficial owners of Kampani Consultants Limited*

| S. No. | Significant beneficial owner | Percentage shareholding (%) as on March 31, 2023 |
|--------|--|---|
| 1. | Nimesh N Kampani [#] | 40.76 |
| 2. | Nimesh Nagindas Kampani (HUF) | 6.80 |
| 3. | SNK Investments Private Limited* | 28.44 |
| 4. | Persepolis Investment Company Private Limited* | 24.00 |

** Kampani Consultants Limited and SNK Investments Private Limited have been amalgamated with Persepolis Investment Company Private Limited (“**Persepolis**”) pursuant to the order dated May 18, 2023, passed by the National Company Law Tribunal (“**Order**”) approving the scheme of amalgamation (the “**Scheme**”). The appointed date for the Scheme is April 1, 2022. The Order has*

been filed with the Registrar of Companies on June 16, 2023 and the same is pending with the Registrar of Companies for approval. Further, pursuant to the said Scheme, the name of Persepolis will change to SNK Investments Private Limited.

Mr. Nimesh Kampani holds significant beneficial ownership of J M Financial and Investment Consultancy Services Private Limited and the erstwhile Kampani Consultants Limited as mentioned above acting together with the family members, viz., Aruna Kampani (Wife), Vishal Kampani (Son) and Amishi A Gambhir (Daughter).

3. **Question:** Justification if there is conflict of interest in JM Financial Limited acting as BRLM for the Offer.

Response: JM Financial Limited (“JMFL”) is a merchant banker registered with SEBI. In the routine course of its merchant banking business, JMFL, *inter-alia*, acts as book running lead manager to various capital market issues from time to time.

JM Financial Products Limited (“JMFPL”), J M Financial and Investment Consultancy Services Private Limited (“JMFICSPL”) and Kampani Consultants Limited (“KCL”) are registered with the Reserve Bank of India (“RBI”) as Non-Banking Financial Companies. As RBI registered NBFCs, these entities, *inter-alia*, make investments in various companies, from time to time, in the ordinary course of their respective businesses.

We submit, that there is no conflict of interest in JMFL acting as the BRLM to the Offer for the following reasons:

- Each of JMFL, JMFPL, JMFICSPL and KCL are separate legal entities and have distinct operations. JMFL is a SEBI registered merchant banker that *inter-alia* acts as a BRLM to various capital market issues as a part of its normal business; JMFL’s activities as a merchant banker are completely unconnected and unrelated to the activities of JMFPL, JMFICSPL and KCL, each of which are registered with the RBI as NBFCs, and *inter-alia* make investments in various companies as part of their activities.
- As part of their business activities as mentioned above, JMFICSPL and KCL have invested in the Company at various intervals in 2008 and 2010, and JMFPL completed a secondary purchase of Equity Shares of the Company in 2022, as part of the ordinary course of their respective businesses. Additionally, Ms. Aruna Kampani jointly with Mr. Nimesh Kampani had invested in the Company in 2008. Such investments continue to be held for more than a decade. On the other hand, JMFL was engaged by the Company to act as a BRLM to the Offer, pursuant to engagement letter dated May 10, 2023, and therefore was in no way involved in such investment decisions.

- JMFL is acting as one of the BRLMs in the Offer and is performing activities that are required of a SEBI registered merchant banker in terms of, *inter-alia*, the SEBI ICDR Regulations including performing due-diligence on the Company. Therefore, JMFL's activities and interests as a BRLM are separate and distinct from the activities and interests of JMFPL, JMFICSPL and KCL, which are Shareholders of the Company;
- Furthermore, the deal team of JMFL working on the Offer, including those performing due-diligence on the Company in terms of, *inter-alia*, the SEBI ICDR Regulations, is completely separate and independent from each of JMFPL, JMFICSPL and KCL;
- It is also pertinent to note that neither JMFPL, JMFICSPL nor KCL are offering shares or participating in the Offer, and accordingly, will not receive any proceeds from the Offer;
- Post the Offer, the Equity Shares held by JMFPL, JMFICSPL and KCL in the Company will be locked-in for a period of 6 (six) months, in accordance with the SEBI ICDR Regulations, along with the other existing Shareholders of the Company;
- JMFL is not an "associate" of the Company as per Regulation 21A of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 (the "**Merchant Bankers Regulations**"), analysis whereof is given below:

The Merchant Bankers Regulations prohibits an entity from lead managing an offer if such entity is an associate of the issuer company. In such cases, the merchant banker is however, permitted to undertake marketing of the offer only. Therefore, there is no prohibition on a merchant banker to undertake due diligence in an offer if it not an associate of the issuer company.

Legal Principle

To bring to your attention, the specific provision of the Merchant Bankers Regulations, Regulation 21A(1) prohibits any merchant banker from lead managing a public issue of securities or undertaking any activities under any regulations made by SEBI, if the lead manager is a promoter, director or an associate of the issuer company or of any person making an offer to sell or purchase securities.

The Merchant Banker Regulations also defines an "associate" as follows- A merchant banker shall be deemed to be an "associate of the issuer or person" if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than fifteen per cent. of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination

with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the issuer, its subsidiary or holding company and the merchant banker.

Facts of this case

JMFPL, JMFICSPL, KCL and Ms. Aruna Kampani jointly with Mr. Nimesh Kampani hold in aggregate 8.38% of the Equity Share capital of the Company. Thus, JM Financial Limited (a) does not control directly or indirectly 15% of the voting rights of the Company; or (b) exercise control over the Company or *vice versa*. Additionally, JM Financial Limited does not have a common director with the Company or its Subsidiaries.

This apart, none of JMFPL, JMFICSPL, KCL, Ms. Aruna Kampani or Mr. Nimesh Kampani are a promoter, director, selling shareholder or associate of the Company.

Based on the aforementioned reasons, we submit that there is no conflict of interest in JM Financial Limited acting as a BRLM to the Offer.

All capitalised terms used and not specifically defined herein shall have the same meaning as ascribed to such terms in the DRHP.

Best Regards,

Gaurav Mittal

ICICI Securities Limited

From: Sameer Purohit /CORP FNC/ISEC/MUMBAI <sameer.purohit@icicisecurities.com>

Sent: 20 July 2023 12:41

To: Dhruva Jyoti Das <dhrubaj@sebi.gov.in>

Cc: E BALASUBRAMANIAN <ebala@sebi.gov.in>; Prem Dcunha /CORP FNC/ISEC/MUMBAI <prem.dcunha@icicisecurities.com>; Gaurav Mittal /CORP FNC/ISEC/MUMBAI <gaurav.mittal@icicisecurities.com>

Subject: RE: Jupiter Hospitals Limited | Clarification

Dear Sir,

Further to our discussion, please see enclosed the updated sheet with the status of allottees.

We confirm that allotment to new allottees did not exceed 49 in the 2007 Rights Issue.

From: Sameer Purohit /CORP FNC/ISEC/MUMBAI
Sent: 19 July 2023 14:31
To: Dhruva Jyoti Das <dhruvaj@sebi.gov.in>
Cc: E BALASUBRAMANIAN <ebala@sebi.gov.in>; Prem Dcunha /CORP FNC/ISEC/MUMBAI <prem.dcunha@icicisecurities.com>; Gaurav Mittal /CORP FNC/ISEC/MUMBAI <gaurav.mittal@icicisecurities.com>
Subject: RE: Jupiter Hospitals Limited | Clarification

Dear Sir,

As mentioned in trail mail, we confirm that the number of new allottees (i.e. wherein an existing shareholder was not involved) did not exceed 49 in the 2007 Rights Issue (*defined below*).

Best Regards,

Sameer

From: Sameer Purohit /CORP FNC/ISEC/MUMBAI
Sent: 17 July 2023 18:15
To: Dhruva Jyoti Das <dhruvaj@sebi.gov.in>
Cc: E BALASUBRAMANIAN <ebala@sebi.gov.in>; Prem Dcunha /CORP FNC/ISEC/MUMBAI <prem.dcunha@icicisecurities.com>; Gaurav Mittal /CORP FNC/ISEC/MUMBAI <gaurav.mittal@icicisecurities.com>
Subject: Jupiter Hospitals Limited | Clarification

Dear Sir,

In relation to certain clarification sought by you on July 14, 2023, regarding the draft red herring prospectus of the Company dated May 10, 2023, filed with the Securities and Exchange Board of India (“SEBI”) on May 11, 2023, (the “**Draft Red Herring Prospectus**” or the “**DRHP**”), in relation to the Offer, please see below our responses to the queries raised:

1. **Objects:** Confirm if more than 50% of the loan, proposed to be repaid, is utilised for capex undertaken in the last 3 years. If yes, then lock-in period of promoter to be changed to 3 year and 1 year.

Response: As disclosed in the section titled “*Objects of the Offer- Details of objects of the Offer*” on page 97 of the DRHP, the Company proposes to repay/prepay, in full or in part, borrowings availed from various banks by the Company and its Material Subsidiary, aggregating to Rs. 4,638.98 million (“**Objects**”) outstanding as on March 31, 2023.

Out of the total Objects, an amount of Rs. 2,631.45 million was allocated towards repayment/prepayment of loans availed from ICICI Bank Limited and Axis Bank Limited, which were used to refinance certain rupee loans. Such rupee loans were availed in 2017 to part finance the Company’s hospital at Pune and for setting up additional beds at the Company’s hospital at Thane, both of which were completed and have been operational for more than three years. The said loans were completely utilized in year 2017 and 2019 respectively and were refinanced in Fiscal 2022. Accordingly, such loans were not utilized towards capital expenditure undertaken by the Company in the last three years.

The other loans proposed to be repaid/prepaid in the Objects comprised of loans which were availed and utilized for various other purposes such as purchase of materials, procurement of equipment and acquisition financing and not for financing capital expenditure undertaken by the Company. For further details, please see pages 100-108 of the DRHP.

Therefore, none of the loans forming a part of the Objects is/was utilized for capital expenditure undertaken by the Company in the last three years. Accordingly, we submit that the requirement to lock-in the Promoters’ shares for three years and one year, in accordance with the proviso to Regulation 16(1)(a) and the proviso to Regulation 16(1)(b) respectively, of the SEBI ICDR Regulations, is not applicable.

2. **Capital Structure** - Confirm that total number of allottees and total number of new allottees, in any right Issue, was not more than 49. Also confirm that the rights issues are in compliance with applicable provisions of Companies Act.

Response:

Facts in brief

The Company has undertaken rights issues in the past on March 31, 2004, May 21, 2007, August 31, 2010, all of which were undertaken in accordance with the applicable provisions of the Companies Act, 1956. For details of such rights issues, please see pages 80-82 of the DRHP.

Legal principle

Section 81(1) of the Companies Act, 1956 required a company, seeking to undertake a rights issue of shares, to *inter alia* (a) pass a board resolution approving the rights issue, (b) the offer to be made specifying the number of shares and stipulating a time within which the shareholders shall communicate their acceptance/rejection of the shares, (c) grant the existing shareholders a right to renounce the shares offered to them in favour of any other person, (d) permit the board of directors to dispose of shares which were not subscribed to by the existing shareholders and/or their renounees, as long as such disposal was not disadvantageous to the company and its shareholders. The said provision mirrors Section 62(1) of the Companies Act, 2013, i.e., the incumbent provision of company law to undertake rights issues of shares. This

provision is applicable to both listed as well as unlisted companies; any company seeking to undertake a rights issue of shares is permitted to issue and allot shares not only to its shareholders but also their renounees as well as any other person to whom the board of directors may allot any unsubscribed shares.

Details of the rights issue of Equity Shares undertaken by the Company on May 21, 2007 (“2007 Rights Issue”)

The 2007 Rights Issue was made to all the then existing 13 Shareholders of the Company.

In the 2007 Rights Issue, 25 allottees were allotted Equity Shares in accordance with Section 81(1)(c) of the Companies Act, 1956, which included (i) 2 existing Shareholders and (ii) 23 renounees comprising of the existing Shareholder’s HUF, persons who were joint holders of Equity Shares together with existing Shareholders and new allottees.

Additionally, the 2007 Rights Issue also comprised of 29 allottees who were allotted Equity Shares in accordance with Section 81(1)(d) of the Companies Act, 1956 which as mentioned above, permitted the Board to dispose of Equity Shares which were not subscribed to by the existing Shareholders and/or their renounees, as long as such disposal was not disadvantageous to the Company and/or its Shareholders.

Applicability of Section 67(3) of the Companies Act, 1956

We also wish to highlight that Section 67(3) of the Companies Act, 1956, which regulated the concept of a ‘public offer’ specified that any offer or invitation to subscribe to securities that is made to more than 49 persons shall be regarded as a ‘public offer’. Therefore, Section 67(3) of the Companies Act, 1956 was applicable to public issues and private placements of shares only, and not to a rights issue of shares. As mentioned above, Section 81(1) of the Companies Act, 1956, required a company undertaking a rights issue of shares to offer shares to all of its existing shareholders, even if the number of allottees (including shareholders and their renounees) exceeded 49 in number. Thus, any renunciation by existing shareholders of a company to third parties leading to allotment of shares to more than 49 person(s), shall not be deemed to be a ‘public offer’. Further, allotment of shares to third parties, exceeding 49 in number, at discretion of the board of directors of a company, under the provisions of Section 81(1)(d) of the Companies Act, 1956, shall not be deemed to be a ‘public offer’.

Therefore, we submit that the 2007 Rights Issue was undertaken in compliance with the provisions of the Companies Act, 1956. Additionally, in all of the rights issues undertaken by the Company, the number of new persons who were allotted shares (whether as renounees of existing shareholders and/ or third parties who were allotted Equity Shares under Section 81(1)(d) of the Companies Act, 1956) did not exceed 49 in each case.

We reiterate that this principle is also applicable to a rights issue undertaken by a listed company in accordance with SEBI ICDR Regulations, wherein the shareholders of a listed company have the right to renounce their shares to any third person and the board of directors also have the right to dispose of any unsubscribed shares to third person(s).

All capitalised terms used and not specifically defined herein shall have the same meaning as ascribed to such terms in the DRHP.

Best Regards,

Sameer

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