



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

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SEBI/HO/CFD/RAC-DIL1/P/OW/2023/23426/1

June 07, 2023

ICICI Securities Limited  
ICICI Venture House,  
Appasaheb Marathe Marg,  
Prabhadevi,, Mumbai - 400025

Kind Attention: Mr. Sameer Purohit

Dear Sir,

**Sub: Clarifications on the DRHP of Jupiter Life Line Hospitals Limited**

We are in receipt of Draft Red Herring Prospectus (DRHP) of the captioned company forwarded to us vide letter dated March 11, 2023.

In this regard, please provide the clarifications as mentioned at Annexure A.

Yours faithfully,

  
Dhruva Jyoti Das  
Manager

(Encl: As above)

## Annexure A

With reference to the Draft Red Herring Prospectus of Jupiter Life Line Hospitals Limited (Issuer Company) filed with SEBI, you are advised to clarify on the following issues:

1. Lead Manager (LM) is advised to examine the applicability of SEBI (Framework for Rejection of Draft Offer Documents) Order, 2012, to the DRHP of Issuer Company and confirm whether the said general order is applicable to the instant public issue/DRHP. LM is further advised to provide a para-wise reply on the applicability of aforesaid order.
2. LM is advised to examine the applicability of SEBI (Issuing Observations on Draft Offer Documents Pending Regulatory Actions) Order, 2020, dated Feb 05, 2020, to the DRHP of Issuer Company and confirm whether the said general order is applicable to the instant public issue/DRHP. LM is further advised to provide a para-wise reply on the applicability of aforesaid order.
3. LM is advised to submit whether there has been any instance of issuance of equity shares in the past by the issuer Company, the Group Companies or entities forming part of the Promoter Group to more than 49 / 200 investors as the case may be in violation of:
  - a) Section 67(3) of Companies Act, 1956; or
  - b) relevant section(s) of Companies Act, 2013, including Section 42 and the rules notified thereunder; or
  - c) the SEBI Regulations; or
  - d) the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as applicable.
4. It has been observed that in various instances disclosures have been made in the offer document stating 'we believe...' / 'we do not believe...', LM is advised to provide the basis for making such disclosures in the offer document while also explaining compliance with Regulation 24 (1) and Regulation 25 (2) (b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").
5. LM is advised to provide the response containing all necessary changes to be carried out in the relevant RF/sections of DRHP, instead of comments such as "noted/will be updated in UDRHP".
6. **Standard Disclosure for Special Rights in DRHP**
  - a) LM is advised that it is categorically disclosed in the DRHP under section "History and Certain Corporate Matters" of the offer document that none of the special rights available to the Promoters / Shareholders (except for nominee/nomination rights and information rights) would survive post listing of the Equity Shares of the Company and same shall cease to exist or shall expire / waived off immediately before or on the date shares are allotted to public shareholders in IPO, without requiring any further action.
  - b) LM is advised to make disclosures if special rights for nominee/nomination rights and information rights are available to certain Promoters / Shareholders that would continue post listing and if yes, then details of the same may be clearly disclosed under section "History and Certain Corporate Matters".

c) Further, LM shall specifically disclose that special rights, post listing shall be subject to approval of the Shareholders by way of a special resolution, in the first general meeting of the Company held post listing of the Equity Shares.

d) LM is advised to ensure that special rights which will continue post listing are not prejudicial or adverse to the interest of the minority / public shareholders.

7. LM is advised to evaluate the impact of the SEBI Share Based Employee Benefits and Sweat Equity Regulations, 2021 ("SBEB Regulations") and accordingly, to modify the ESOP Schemes to comply with the provisions of the SEBI SBEB Regulations 2021, prior to filing of the RHP.

#### **Summary of Offer Document**

8. LM is advised to suitably disclose the details of the number of shares being offered for sale and post shareholding percentage of the selling shareholders.

#### **Risk Factors**

9. LM is advised to rearrange the risk factors based on materiality. LM is advised to provide adequate and correct cross referencing, wherever required.
10. LM is advised that all the risk factors containing any data to have a proper cross reference to the actual section / page where the specific and detailed explanation is given (where required more than one section / page). Further, LM is advised that data provided in % to be followed with the actual / absolute figures. Data shall be for last 3 financial years and stub period. Due reason to be provided if there is no cross reference being provided.

#### **11. RF 1-**

- i. LM is advised to provide reasons for increasing attrition rate of doctors in last three Fiscal Years.
- ii. With respect to rising conflict of interest arising from the services and expertise provided by the doctors, LM is advised to disclose any material instances, having adverse impact on the business and operations of the Company in last three fiscal years.

12. RF 2- LM is advised to clarify whether the hotel near Thane Hospital is owned by the same promoters of Jupiter Life Line Hospitals Limited.

13. RF 7- LM is advised to disclose the list of instances, wherein insurance companies, third party administrators and corporations have terminated its contract with the issuer company in last three fiscal years. LM is also advised to provide reasons for the same.

#### **14. RF 10-**

- i. LM is advised to disclose all material instances relating to the Risk Factor, having adverse impact on the business and operations of the Company in last three fiscal years.
- ii. LM is advised to clarify whether contingent liability has been created for such pending civil litigations as stated in the instant Risk factor.

#### **15. RF 11-**

- i. LM is advised to disclose trade receivables related data in a tabular format.

- ii. LM is advised to disclose data regarding credit facilities provided by the hospital to the patients, non-payment/partial payment of bills by patients in last three fiscal years in a tabular format.
16. RF 12 & 13- LM is advised to disclose any material instances relating to the Risk Factor, having adverse impact on the business and operations of the Company in last three fiscal years.
17. RF 14 - LM is advised to disclose in a table, details of Industry Standard benchmark for Insurance Coverage.
18. RF 15 – LM is advised to clarify whether the company has obtained its lenders consent for the proposed initial public offering of the issuer company. Further, LM is also advised to disclose any material instances relating to the Risk Factor, having adverse impact on the business and operations of the Company in last three fiscal years.
19. RF 17 & 19 - LM is advised to disclose any material instances relating to the Risk Factor, having adverse impact on the business and operations of the Company in last three fiscal years
20. RF 25- LM is advised to disclose data regarding its contingent liabilities with respect to its respective outstanding litigations. Further, LM is advised to move the instant Risk factor to top 10.
21. RF 36- LM is advised to disclose additional information with respect the pledge shares of the promoter of the issuer company. Further, LM is also advised to move the instant Risk factor to top 5.
22. RF 38 - LM is also advised to move the instant Risk factor to top 10.
23. RF 41- LM is advised to disclose the following with respect to Related Party Transactions (RPTs):
  - a. Confirm whether all RPTs are done on arm's length basis;
  - b. Whether transfer pricing audit has been conducted for RPTs;
  - c. Confirm whether RPTs taken together for last three fiscal years is more than 10% (for all 3 FYs) of the total transactions of similar nature;
  - d. If any loan/advances given by issuer/subsidiaries to related parties and guarantees given/securities provided to related parties, mention Risk Factor on recoverability/ any default in the past and its effect on the financials of the issuer/subsidiaries.

#### **Capital Structure:**

24. It is mentioned in the 'Equity share capital history of our Company' that "*Allotment of 10,000 Equity Shares each to Dr. Ajay Thakker, Dr. Gautama Ramakanthan and Dr. Navin Davda, 6,700 Equity Shares to Pragna Davda, 6,600 Equity Shares to Dr. Jayashree Ramakanthan, 3,400 Equity Shares to Kirti Thakker and 3,300 Equity Shares to Jaya Thakker*". In this regard, LM is advised to clarify whether Dr. Gautama Ramakanthan and Dr. Navin Davda, are any way related to the management of the issuer company.

#### **Object of the Offer**

25. LM is advised to disclose instances of payment default or delay in payment of its outstanding borrowings for which a part of net proceeds will be utilized for repayment or prepayment.

26. LM is advised to disclose bank wise estimated repayment schedule/timeline for which net proceeds will be utilized for repayment or prepayment.

**Basis for offer price:**

27. In addition to the existing disclosures stipulated for 'Basis for Offer Price', LM is advised to clarify that the Issuer Company complies with the norms stipulated in the SEBI, ICDR Regulations 2018, last amended on November 21, 2022.
28. LM is advised to provide reasons for increase in Average occupancy rate of the hospital from FY2022 to the nine months' period ended December 31, 2022.
29. LM is advised to add a separate Risk Factor with a suitable heading that Bed Occupancy Rate of the issuer company is lower than most of its listed peers.

**Industry Overview:**

30. LM is advised to disclose if CRISIL Research, which has prepared the industry reports is in any way related to the issuer company/directors/promoters. Further LM is advised to ensure that reports by CRISIL Research relied upon while making disclosures in the draft offer document is included among the material contracts and documents for inspection. Furthermore, wherever (each instance) data from various reports have been used in support of disclosures made in the offer document, LM is advised to clearly qualify the source of such disclosures.

**Our business:**

31. It is stated at page 188 that "*Key multi-specialty tertiary and quaternary healthcare provider with a track record of over 15 years, strong brand recognition and clinical expertise*". In this regard LM is advised to disclose in gist supporting data/fact etc. regarding strong brand recognition of the issuer company.
32. LM is advised to suitably disclose the average doctor patient ratio of the hospital in last three fiscal years. LM to add separate risk factor associated with such doctor patient ratio.
33. LM is advised to suitably disclose the details of *Disaster Recovery and Business Continuity Plans* of the Company.

**Key Regulations and Policies in India**

34. LM is advised to provide details of action taken by relevant authorities / courts on safety/ environmental / consumer protection, etc related matters during the past 3 years, shall be disclosed. Appropriate risk factor should be incorporated.

**History and Certain Corporate Matters**

35. LM is advised that under section "History and Certain Corporate Matters" of the offer document, it is specifically disclosed that all special rights available to the Shareholders / Investors, shall cease to exist or expire /waived immediately before or on the date shares are allotted to public shareholders, without requiring any further action.
36. LM is advised to make disclosures regarding whether any of the special rights available to certain shareholders would continue post listing and if yes, the details of the same may be clearly disclosed under section "History and Certain Corporate Matters". Further, LM shall specifically disclose that any special rights, post listing shall be subject to approval of the Shareholders by

way of a special resolution, in a general meeting of the Company held post listing of the Equity Shares.

37. LM is advised to ensure that special rights which will continue post listing are not prejudicial or adverse to the interest of the minority / public shareholders.
38. Further, a categorical statement from the Issuer Company/ promoter/ shareholders, may be provided that there are no other agreements and clauses / covenants which are material and which needs to be disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the public shareholders. Also that there are no other agreements, deed of assignments, acquisition agreements, SHA, inter-se agreements, agreements of like nature other than disclosed in the DRHP.
39. Further, the LMs also to confirm to SEBI that they have gone through the agreements / inter-se, if any, as disclosed in the DRHP and they also do not see any clauses / covenants which are material and which need to be disclosed, have not been disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the public shareholders / unit holders.

#### **Our Management**

40. LM is advised to disclose the amount of remuneration paid to promoters/members of promoter group/directors and other key managerial persons of the company as percentage of PAT during last three financial years.
41. LM is advised to check and disclose if the name of the directors, promoter and promoter group persons is appearing in the list of directors of struck-off companies by ROC/ MCA. Please also check and disclose if the name of the promoter group companies and group companies is appearing in the list of struck-off companies by ROC/ MCA.

#### **Group Companies:**

42. LM is advised to disclose gist of financials and promoters of group Companies i.e. Jupiter Scan and Imaging Centre Private Limited; and Vishesh Diagnostics Private Limited in the DRHP for last three fiscal years.

#### **Financial Information**

43. LM is advised to explain reasons for increasing trade receivables from FY 2022 to period ending December 2022.
44. LM is advised to provide additional information on business of Katyayini Hospitality.
45. LM is advised to clarify whether Restated Consolidated Financial Information disclosed in the DRHP contains revenue earns from the company's hotel business which is adjacent to its Thane hospital.
46. LM is advised that Related party transactions as percentage of Revenue may be disclosed suitably in the offer document. Further, LM to ensure that all RPTs are done at arm's length price. LM is advised to ensure that RPT should be in compliance with the Companies Act, 2013, SEBI (LODR) Regulations, relevant Accounting Standards and other statutory compliances.

**Financial Indebtedness:**

47. LM is advised to clarify and confirm whether any payment default or delay in payment of its outstanding borrowings.
48. LM is advised to clarify and confirm whether the approval from the lenders is obtained with respect to the IPO of the issuer company.
49. LM to clarify on various agreements and ensure that details of clauses / covenants pertaining to these agreements are disclosed.

**Outstanding Litigation and material developments**

50. LM is advised to provide current status and additional information of the petition filed by Rajkumar, Yadav Sudhir Pralhad Barge and Janashakti Bahutddeshiya Sanstha against the company. LM is advised to give details of promoter, management and business of Fortune Park Lake City (Hotel). LM to add separate risk factor in top 10 arising out of such petitions briefing the details of the case.
51. LM shall update the details of status of litigation with the latest/updated position of litigations against promoter/promoter group entities/company and the companies promoted by the issuer.
52. LM is advised to confirm that the existing litigations are not so major that the issuer's survival is dependent on the outcome of the pending litigation.
53. LM is advised to ensure the disclosures of all actions taken by statutory and regulatory authorities
54. LM should also provide amount of disputes and shall ensure that appropriate provisions for contingent liabilities have been made in financials. Further appropriate risk factor has also been provided.
55. LM is advised to ensure that the disclosure of details of all the criminal matters, if any, initiated by or against the company, group, directors, promoters, subsidiaries, which are at FIR stage and no/cognizance has been taken by the court. LM is also advised to specifically disclose the litigations liabilities.

**Miscellaneous**

56. Mention corresponding figures in value (to the extent possible), wherever percentage figures are mentioned.
57. Reference to any place in the Offer Document should be followed by name of the relevant city/ state, as the case may be.
58. Any risk on pricing of the issue / basis of issue price, track record of BRLMs, average cost of acquisition of shares by selling shareholders etc. which is proposed to be included in the issue advertisement may be submitted.
59. All lead manager(s) are uniformly to be identified as Book Running Lead Manager(s) (BRLMs) without making any differentiation between lead manager(s). Details regarding BRLMs acting as Global Coordinators / Joint Global Coordinators may be provided at section on inter-se allocation of responsibilities in the draft offer document and the offer document.

60. 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.
61. Industry report be included in the list of material documents for inspection and also provide a link in the offer document for online access of industry report.
62. Appropriately disclose, price at which specified security was 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.
63. LM is advised to ensure that RHP to provide Consolidated Financial Statements (CFS) prepared in accordance with Indian Accounting Standard (Ind AS) for all the three years and the stub period (if applicable) audited and certified by the statutory auditor(s) who holds a valid certificate by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).
64. LM / Issuer should endeavor to provide the access to all material documents for inspection through online means apart from inspection at the registered office.
65. Confirm whether there has been a change in auditor(s) before completion of the appointed term (in any of the past five fiscal years), and the reasons thereof.
66. Disclose any past instances of termination / modification / non-renewal of material agreements which have adversely impacted results of business operations and financials of the company.
67. LM to ensure that all the cross references given in the offer document are correct, leading to the exact page, instead of referring to the beginning of the section.
68. LM shall ensure compliance with all SEBI directions given to Association of Investment Bankers of India (AIBI).

#### **Price Advertisement**

69. LM is advised to ensure the 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:**

- a) 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."
- b) Any adverse data/ noting 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]."
  - "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 also be disclosed. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments.

**Price band advertisement:**

- a. The portion pertaining to "Risks to Investors" shall constitute at least 33% of the price band advertisement space.
- b. 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:

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

- c. The font size for price band and "Risk to investors" should be increased to match the font of BID/Offer Programme.
- d. 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.
- e. The portion pertaining to "BRLMs" shall not constitute more than 10% of the price band advertisement space.
- f. Mention market Value at Issue Price to Total Turnover and P.E. Ratio at issue price. LM is advised to add suitable risk factor as Risk Factor 1 in this regard.