

**MERCHANT BANKING MANDATE
ACCEPTANCE CRITERIA**

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INTRODUCTION

Chiranjiv Capital Services Limited (“CCSL”) aims to support businesses in navigating the complexities of the capital markets and achieving their funding objectives.

As the Lead manager to an issue, we become primarily responsible for the pricing, financing and distribution of the securities. We have a greater responsibility towards Investors, SEBI and the Issuer company.

Issue Management generally involves the following, as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”):

- public issues
- rights issues made by listed companies, where the aggregate value of the issue is Rs. 50 crore or more;
- further public offer by a listed issuer;
- preferential issue by a listed issuer;
- qualified institutions placement by a listed issuer;
- initial public offer of Indian depository receipts;
- rights issue of Indian depository receipts; an initial public offer by a small and medium enterprise;
- listing on the Innovators Growth Platform through an issue or without an issue; and
- bonus issue by a listed issuer.

The process for above issues is governed by SEBI defined eligibility norms, compliance guidelines, engagement of intermediaries and processes and procedures which must be followed for coming out with any of the above.

Accordingly, the **Lead Manager**, has to carry out exhaustive review of following matters before accepting or entering into any Mandate for and on its behalf-

I. Issuer meets the Eligibility Criteria

A. Issuer’s Business Models & Plans

B. Corporate Governance Practices followed – The Board of Directors should ensure that their decisions, actions follow the most common pillars in corporate governance, i.e., accountability, transparency, fairness and responsibility. Effective corporate governance fosters a culture of integrity within a company, leading to positive performance and overall sustainability.

C. Issuer’s Track Records w.r.t its operations and growth potential.

D. Issuer’s Legal Due Diligence Report w.r.t their compliance with all legal and regulatory requirements, as applicable.

After being satisfied with the above, CCSL will evaluate whether the issuer meets the eligibility requirements w.r.t the below as laid down under SEBI ICDR Regulations or by the designated Stock Exchanges, as may be applicable from time to time:



SEBI has defined Entities which are not eligible to raise funds via Capital market:

- a) The issuer, promoters, promoter group or directors or selling shareholders are debarred from accessing the capital market by SEBI.
- b) Any promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by SEBI.
- c) The issuer or any of its promoters or directors is a wilful defaulter or fraudulent borrower.
- d) Any of the promoters or directors is a fugitive economic offender.

- e) An issuer shall not be eligible if there are any outstanding convertible securities or any other right which would entitle any person with any option to receive equity shares of the issuer

In addition to the above listing criteria prescribed under SEBI ICDR Regulations, some further requirements are prescribed in case of Debt Listings by Issuer companies:

- Issuer not in default of payment of interest or repayment of principal amount in respect of debt instruments issued by it to the public, if any, for a period of more than six months;
- Obtaining credit rating from at least one credit rating agency;
- Appointment of at least one Debenture Trustee in accordance with the Companies Act, 2013 and the SEBI (Debenture Trustees) Regulations, 1993;
- Creation of a Debenture Redemption Reserve;
- Charge or security creation on assets in respect of secured debt instruments

II. CCSL Role and Responsibilities as Lead Manager-

- A. Due Diligence** - To ascertain eligibility of the issuer to approach capital market with a public issue CCSL will carry out detailed due diligence as per parameters defined by SEBI.

The Code of Conduct under the SEBI Regulations requires amongst other things, to exercise due diligence, ensure proper care and exercise independent professional judgment. It also requires that adequate disclosures are made to investors in a timely manner and in accordance with applicable law, so as to enable investors to make an informed investment decision.

Furthermore, the SEBI ICDR Regulations also require due diligence certificates to be issued by at various stages of an offer. For the said purpose, CCSL is required to maintain records and documents pertaining to due diligence exercised in pre-issue and post-issue matters for a minimum period of five years.

The objective of due diligence is to collect information about the issuer company that helps in assessing the disclosures in the offer document in connection with their obligations under applicable regulations.

The due diligence shall cover the following aspects –

- In addition to review of document, the diligence exercise includes discussions with the representatives of the Issuer (i.e. its Promoters, its Directors, its Key Managerial Personnel and its other key employees).
- To examine documents provided by the Issuer to understand various aspects of the Issuer's businesses, operations and financial condition. This will enable in

ensuring that the Offer Document contains all necessary disclosures. Accordingly, review and examination of the documents provided by the Issuer, along with incorporation of necessary disclosures in the Offer Documents should be a necessary part of due diligence.

- To independently review all documents and information provided by the Issuer.
- With the assistance of legal advisers appointed with respect to the offering, to brief the representatives of the Issuer on their statutory responsibilities and liabilities in connection with the offering under the Companies Act 2013, the ICDR Regulations, the SEBI LODR Regulations, the uniform listing agreement executed with the stock exchanges and other important applicable regulations such as those on prevention of insider trading, substantial acquisitions and takeovers etc.

External parties involved in the due diligence process

During the due diligence process, the assistance of external parties such as legal counsels, statutory auditors and specialized industry experts are required.

- The **legal counsel** helps in carrying out legal documentary due diligence, assisting the issuer in the preparation of the Offer Documents in compliance with ICDR Regulations, the Companies Act, 2013 and other applicable laws and advising on legal matters relating to the offering. In addition, the legal counsels may also issue legal and disclosure opinions in relation to the issue.
- The **statutory auditors** of the issuer company also provide their reports on the financial information included in the Offer Documents and other relevant certifications pertaining to the issue including “comfort letters” for financial information included in the Offer Documents including for periods subsequent to the date of the last audited financial statements.

Key due diligence documents

1. Contracts as per the Offer Document shall include:

- a. Letters of appointment issued to the Lead Manager
- b. Issue Agreement between the issuer and the Lead Manager
- c. MOU between the issuer and the Registrar to the Issue
- d. Escrow Agreement
- e. Syndicate Agreement
- f. Underwriting Agreement
- g. Tripartite Agreement between NSDL/CDSL, Registrar to the issue and issuer
- h. Monitoring agency agreement, if applicable

2. Indicative list of other documents:

- a. Memorandum and Articles of Association

- b. Certificate of incorporation and change of name of the issuer
- c. Certified true copies of the Board resolution and shareholders' resolution of the issuer authorizing the issue.
- d. Auditors' reports for the relevant financial period as specified
- e. Annual reports, for the relevant financial period as specified
- f. Auditor's Tax benefit report
- g. Appraisal reports or valuation reports by independent experts
- h. Initial listing approvals of the Stock Exchanges
- i. Communication exchanged with SEBI and other regulatory authorities, including due diligence certificates issued by the Lead Managers
- j. Legal opinions provided by the legal counsels, if any
- k. Corporate presentations made by the issuer company to the Lead Managers, if any
- l. KYC documentation of promoters and key management personnel in line with the internal guidelines of the concerned Lead Manager (s)
- m. Agreement with advertising agencies
- n. Consents from Auditors, Directors, IPO Grading Agency, Bankers to the Company, Bankers to the Issue, Compliance Officer, Lead Managers, Tax Expert, Other Experts, Legal Advisors, Registrars to the issue, Refund Bankers, Syndicate Members
- o. IPO grading report
- p. Material agreement not in the ordinary course of business that are listed as material contracts in the Offer Document.

B. Preparation of Offer Document and Filing of the same

The process of public offering for issue of securities is very closely regulated by SEBI to prevent any wrong-doing on part of the issuer company. In order to issue securities, an issuer has to file a draft offer document with SEBI through the appointed lead merchant banker and pay the requisite fees.

Regulation 24 of ICDR specifies that the disclosures in the draft offer document and offer document shall contain all material disclosures which are true and adequate to enable the applicants to take an informed investment decision.

CCSL to exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer document.

The red-herring prospectus, and prospectus shall contain:

- (a) disclosures specified in the Companies Act, 2013 and;
- (b) disclosures specified in Part A of Schedule VI of SEBI ICDR Regulations.

CHIRANJIV CAPITAL SERVICES LIMITED

CCSL to ensure that the information contained in the draft offer document and offer document and the particulars as per restated audited financial statements in the offer document are not more than six months old from the issue opening date.

Offer documents contain 'expertise' and 'non-expertise' portions:

In relation to the 'expertise' portion, e.g., the financial statements and the technical reports etc., CCSL rely on the reports /information /certifications provided for disclosure purposes.

With respect to 'non-expertise' content of the offer document, the concept of 'materiality' is advised in deciding when and to what extent inclusions are required. Materiality analysis serves a dual function in the disclosure process. Firstly, materiality analysis shapes the content of mandatory disclosure required under securities laws. Secondly, materiality analysis shapes the content of clarifying disclosure; information not expressly mandated by disclosure requirements needs to be disclosed only if it is material and necessary to ensure that there is no mis-statement or omission of a material fact.

The Regulation 25 of the SEBI ICDR Regulations deals with the filing of offer documents with SEBI or Stock Exchanges, as the case may be. Again, along with the offer document, CCSL is required to submit the following to SEBI:

- a) a certificate, confirming that an agreement has been entered into between the issuer and the lead manager(s);
- b) a due diligence certificate;
- c) in case of an issue of convertible debt instruments, a due diligence certificate from the debenture trustee;

If SEBI specifies any changes or issues observations on the draft offer document, the issuer and lead manager(s) shall carry out such changes in the draft offer document and shall submit to SEBI an updated draft offer document complying with the observations and highlighting all changes made in the draft offer document and before filing the offer documents with the Registrar of Companies or an appropriate authority, as applicable.

SCOPE OF WORK AS LEAD MANAGER TO AN ISSUE

As Per the above and after engagement by an Issuer, the Scope of work of CCSL shall broadly include the following;

Scope of work of a Lead manager to an Issue	Restructuring of Pre IPO Capital;
	1.Due Diligence & Pre-IPO preparation;
	1.Dematerialisation of Shares;
	1.Valuation & Issue Pricing;
	1.Preparation of Public Issue Offer Document;
	1.Appointment of Intermediaries;
	1.Re-stated financial statement by Peer Review Auditor.
	1.Filing of Draft Offer Document with SEBI or SE;
	1.Clearance of Offer Document & getting approval;
	1.Filing of Prospectus with ROC;
	1.IPO Launch;
	1.IPO Management - Receipt of Application & Others;
	1.IPO Closure;
	1.Assisting in finalization of Basis of Allotment;
	1.Getting Stock Exchange Approval;
	1.Refunds/Allotments process;
1.Listing & Market Making;	

The Limitations on the above Scope of Work: During the course of engagement the lead manager will not undertake -

- Regulatory & secretarial activities in relation to IPO;
- Legal advice, opinion and representation in any form;
- Accounting and taxation Matters, opinion and representation in any form;
- Any certification services

OTHER CONDITIONS BEFORE ACCEPTING A MANDATE

1. Compliance

The Issuer Company agree to comply with all applicable legal & regulatory requirements. The Company also warrants that its execution of a Mandate Letter has been duly authorized and approved by the Board of Directors and is binding obligation for it.

2. Information

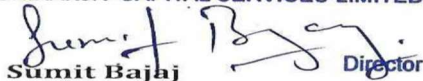
The Issuer Company agrees to provide all financial & other information requested for the purpose of this assignment (or as may be required by any competent governmental, judicial or regulatory authority). In performing the services hereunder, CCSL shall be entitled to rely upon and assume, without independent verification, the accuracy and completeness of all information that is publicly available and of all information that has been furnished by the Issuer Company or their other advisors or otherwise reviewed by them and CCSL shall have no obligation to verify the accuracy or completeness of any such information or to conduct any appraisal or valuation of any assets or liabilities and shall not assume any responsibility nor have any liability therefore.

3. Confidentiality

The issuer company and CCSL agree to treat the mandates and agreements entered and all or any information relating to the said assignment confidential till the close of issue and during the term of the assignment.

For *Chiranjiv Capital Services Limited*

For CHIRANJIV CAPITAL SERVICES LIMITED


Sumit Bajaj Director
DIN : 10815454