



HORIZON MANAGEMENT PRIVATE LIMITED

ANNEXURE II

June 05, 2023

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051, India

Dear Sir/ Madam,

Subject: Proposed initial public offering of 18,22,000 equity shares of face value of ₹ 10/- each ("Equity Shares") of Cosmic CRF Limited (the "Company" or "Cosmic CRF" or "Issuer") at an issue price of ₹ [•] per Equity Share (including a share premium of ₹ [•] per Equity Share) for cash, aggregating up to ₹ [•] Lakhs (the "Issue").

We, Horizon Management Private Limited (the "BRLM") who have been appointed by the Company to manage the Issue, state and confirm as follows:

1. We have examined various documents including those relating to litigation and other material while finalizing the red herring prospectus dated June 5, 2023 ("RHP") pertaining to the Issue.
2. On the basis of such examination and discussions with the Company, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of the Issue, price justification, contents of the documents and other papers furnished by the Company, we confirm that:
 - (A) the RHP filed with the Securities and Exchange Board of India ("SEBI") is in conformity with the documents, materials and papers which are material to the Issue – **Complied with;**
 - (B) all material legal requirements relating to the Issue as specified by SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
 - (C) the material disclosures made in the RHP are true and adequate to enable the investors to make a well informed decision as to the investment in the proposed Issue, and such disclosures are in accordance with the requirements of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (the "SEBI ICDR Regulations") and other applicable legal requirements.
3. Besides ourselves, all the intermediaries named in the RHP are registered with SEBI and that till date such registration is valid. – **Complied with and noted for compliance.**
4. We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. - **Noted for compliance.**
5. Written consents from the Promoter have been obtained for inclusion of their Equity Shares as part of the Promoter's contribution subject to lock-in and the Equity Shares proposed to form part of the Promoter's contribution subject to lock-in shall not be disposed or sold or transferred by the

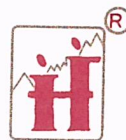




Promoter during the period starting from the date of filing of the RHP with the SEBI till the date of commencement of lock-in period as stated in the RHP. – **Complied with and noted for compliance.**

6. All applicable provisions of the SEBI ICDR Regulations, which relate to Equity Shares ineligible for computation of Promoter's contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the RHP. – **Complied with and noted for compliance.**
7. All applicable provisions of the SEBI ICDR Regulations which relate to receipt of Promoter's contribution prior to opening of the Issue, shall be complied with. Arrangements have been made to ensure that Promoter's contribution shall be received at least one day before the opening of the Issue and that the auditors' certificate to this effect shall be duly submitted to SEBI. We further confirm that arrangements have been made to ensure that Promoter's contribution shall be kept in an escrow account with a scheduled commercial bank and shall be released to the Company along with the proceeds of the Issue. - **Not applicable.**
8. Necessary arrangements shall be made to ensure that the monies received pursuant to the Issue are credited or transferred to in a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 and that such monies shall be released by the said bank only after permission is obtained from the Stock Exchanges, and that the agreement entered into between the Bankers to the Issue and the Company specifically contains this condition. - **Noted for compliance.**
9. The existing business as well as any new business of the Company for which the funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association or other charter of the Company and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association. – **Complied with to the extent applicable.**
10. Following disclosures have been made in the RHP:
 - (a) An undertaking from the Company that at any given time, there shall be only one denomination for the Equity Shares of the Company, excluding SR equity shares, where the Company has outstanding SR equity shares; - **Complied with to the extent applicable and noted for compliance. There are no SR equity shares issued by the Company;** and
 - (b) An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by the SEBI. - **Complied with to the extent applicable and noted for compliance**
11. We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. - **Noted for compliance.**
12. The entity is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of the SEBI ICDR Regulations. - **Not Applicable.**
13. None of the intermediaries named in the Red Herring Prospectus are debarred from functioning by any regulatory authority – **Complied with and noted for compliance.**
14. The abridged prospectus of the Offer contains all disclosures as specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 –**Noted for compliance.**





15. All material disclosures in respect of the Issuer have been made in the Red Herring Prospectus and that any material development in the Issuer or relating to the Offer up to the commencement of listing and trading of the specified securities offered through the Issue shall be informed through public notices/advertisements in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given. – **Complied with and noted for compliance.**
16. Agreements have been entered into with the depositories for dematerialisation of the specified securities of the Issuer. – **Complied with.**
17. The underwriting and market making arrangements as per requirements of regulation 261 and 262 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 shall be made – **Complied with.**
18. The issuer has redressed at least ninety five per cent. of the complaints received from the investors till the end of the quarter immediately preceding the month of the filing of the offer document with the Registrar of Companies – – **Complied with and noted for compliance.**

We enclose a note explaining the process of due diligence that has been exercised by us including in relation to the business of the Company, the risks in relation to the business, experience of its Promoter and that the related party transactions entered into for the period disclosed in the RHP have been entered into by the Company in accordance with applicable laws- **Complied with to the extent applicable. Please refer to the due diligence process note enclosed as Annexure II A to this certificate.**

We enclose a checklist confirming regulation-wise compliance with the applicable provisions of the SEBI ICDR Regulations, containing details such as the regulation number, its text, the status of compliance, page number of the RHP where the regulation has been complied with and our comments, if any- **Complied with. Please refer to Annexure II B to this certificate.**

All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the RHP.

Thanking you,

Sincerely,

For **Horizon Management Private Limited**

Manav Goenka
President
Investment Banking



Enclosed: As above



ANNEXURE II-A

Note explaining how the process of due diligence has been exercised

We, the BRLM, have carried out due diligence exercise in relation to the current business of the Company, for the purposes of complying with the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”) and other applicable laws, and to the extent that it is customary for initial public offerings of this nature in India, along with other professionals and experts engaged in connection with this Issue. All capitalized terms used herein and not specifically defined shall have the same meaning ascribed to such terms in the red herring prospectus dated June 5, 2023 (“RHP”).

The due diligence process carried out by us and the Legal Counsel (defined below) commenced with virtual and physical interactions with senior management of the Company including the Chairman and Managing Director, the Chief Financial Officer and the Company Secretary, Compliance Officer to gain an understanding of the business of the Company, key risks involved, and financial overview, among others matters. In this regard, the Company was provided with a due diligence questionnaire and information requisition list prepared in consultation with the Legal Counsel (*as defined below*). The Company provided supporting documents for review and due diligence and provided explanations for queries raised. In order to facilitate such review, the Company set up an online data room where copies of such relevant documents were made available for undertaking the due diligence

T&S Law, appointed as the legal counsel to the Company (the “Legal Counsel”), has assisted the BRLM in carrying out the due diligence and drafting of the Offer Documents in compliance with the SEBI ICDR Regulations and advising the BRLM and the Company on other legal matters, and for the purposes of issuing legal opinion in relation to the Issue to the BRLM.

The BRLM were also assisted by the current statutory auditor of the Company, GARV & Associates, Chartered Accountants (the “Statutory Auditor”), in the financial due diligence in relation to the Issue. In addition, the Statutory Auditor has provided a statement of special tax benefits available to Company and its shareholders under the Indian tax laws, and has reviewed certain matters relating to, *inter alia*, the computation of Company’s net worth, operating profit/loss and net tangible assets, utilisation of loans proposed to be repaid / pre-paid out of the Net Proceeds, compliance with corporate governance requirements by the Company, provided certifications with respect to average cost of acquisition and weighted average cost of acquisition of equity shares held by the Promoter and Promoter Group and certain key financial and operational data of the Company as disclosed in the Offer Document along with certain other certificates. The Statutory Auditor has also provided examination reports in relation to the Restated Financial Information of the Company.

The Company has received written consent dated April 21, 2023 from the Statutory Auditor to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus (“Offer Documents”), and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as the Statutory Auditors, and in respect of their (i) examination report dated April 20, 2023 on the Restated Financial Information; and (ii) their report dated April 21, 2023 on the “Statement of Special Tax Benefits” as included in the Offer Documents.





1. **Business and commercial diligence:**

The due diligence process in relation to general business and commercial matters included:

- (a) Organizing and attending a kick-off meeting, discussions/ transaction related calls and virtual and physical meetings with the management of the Company to develop an understanding of the business, history and other matters of the Company as well as the industry overview and regulatory environment. These were attended by the Chairman and Managing Director, the Chief Financial Officer, the Company Secretary and Compliance Officer, members of the secretarial and financial departments of the Company, the BRLM, the Legal Counsel and the Statutory Auditor. An overview of the business of the Company, the industry in which it operates, the regulatory environment with respect to the business, the capital structure, and financials of the Company and holding pattern was discussed, followed by interactive virtual discussions;
- (b) Regularly interacting with the senior management of the Company, including the Chief Financial Officer, the Company Secretary and Compliance Officer, and other senior personnel from the secretarial, operations and finance departments and the Statutory Auditor, for the purpose of understanding the business, the risks involved and the financial overview of the Company, amongst other matters. These interactions included (i) virtual and physical drafting sessions and conference calls to discuss the disclosures in the Offer Documents; (ii) seeking appropriate clarifications from the Company, the Statutory Auditor for key operational data and other information included in the Offer Documents; and (iii) seeking appropriate certifications from the Company, Directors, Key Managerial Personnel, Senior Management, Promoter, members of the Promoter Group, Group Companies and the Statutory Auditor. These interactions were conducted with an objective to assist the Company to prepare disclosures as required under the SEBI ICDR Regulations, the Companies Act, and other applicable laws with regard to the Issue. We expect these interactions and due diligence calls to continue until the closure of the Issue;
- (c) Physical meetings/virtual/telephonic interactions with the senior management of the Company, to understand the day to day operations of the Company, and to verify the disclosures being made in the Offer Documents;
- (d) Requesting the Company to make available the due diligence documents in a virtual data room and reviewing those documents along with the Legal Counsel, based on the requirements under the SEBI ICDR Regulations and other applicable laws, as is customary in such transactions;
- (e) Obtaining and relying on formal representations and undertakings from the Company, Promoter, members of the Promoter Group, Group Companies, Directors, Key Managerial Personnel, Senior Management, Statutory Auditor, third parties, and other documents, including extracts of the report by independent industry sources, in support of certain disclosures made in the Offer Documents;
- (f) Reviewing, together with the Legal Counsel, certain business related agreements entered into by the Company. Where such agreements and invoices, as applicable, were large in number, the review was carried out on a sample basis to verify the disclosures made in this regard in the Offer Documents;
- (g) Obtaining certificates, as applicable, from the Statutory Auditor in accordance with the SEBI ICDR Regulations, and on financial information, on certain key performance indicators, operational data and certain finance related information included in the Offer Documents; and
- (h) a physical visit of the Registered Office and manufacturing unit of the Company for inspection of business and secretarial records maintained by the Company.





2. **Financial information of the Company:**

Due diligence was conducted on financial matters, which included virtual meetings with the Statutory Auditor (in its capacity as the Statutory Auditor of the Company) and the finance department of the Company, along with review of the auditor's report and other related documents. The restated financial statements of the Company (along with notes, annexures and schedules thereto), presented in the Offer Documents, for the financial years ended March 31, 2023 and March 31, 2022, have been audited and restated in accordance with the SEBI ICDR Regulations ("**Restated Financial Information**"). A review of the Restated Financial Information of the Company and the examination report issued thereon by the Statutory Auditor, was conducted along with discussions with the Statutory Auditor on the form and manner of the examination reports required for such financial information and also obtained certifications with respect to certain financial information included in the Offer Documents from the Statutory Auditor.

Reliance was placed on the statement of special tax benefits available to the Company and its Shareholders issued by the Statutory Auditor and included in the Offer Documents. Additionally, reliance was also placed on the certificate issued by the Statutory Auditor on computation of the Company's net worth, operating profit and net tangible assets, each on a restated basis, to assess eligibility of the Company to undertake the Issue under the SEBI ICDR Regulations.

Further, the Statutory Auditor has verified and provided certifications with respect to certain information included in the Offer Documents, including, without limitation, average cost of acquisition of equity shares by the Promoter and members forming part of the Promoter group, amounts outstanding against borrowings of the Company, details of any amounts outstanding to micro, small and medium enterprises and other creditors of the Company and certain key performance indicators of the Company.

3. **Promoter, Promoter Group, Group Companies, Directors and Key Managerial Personnel and Senior Management of the Company**

For the purposes of making certain disclosures with respect to Promoter, Promoter Group, Group Companies, Directors, Key Managerial Personnel and Senior Management of the Company in the Offer Documents, we have obtained supporting documents and certifications from the relevant entities/ persons. Further, in relation to the educational qualifications and professional experience of Directors Key Managerial Personnel and Senior Management of the Company, we have relied on relevant degree certificates/mark sheets, appointment/relieving/ experience letters or other back-up documents including publicly available information as well as sought and obtained certifications from them.

The identification of Group Companies, if any has been undertaken in accordance with the definition provided under the SEBI ICDR Regulations, as companies with which there were related party transactions during the last three Fiscals, as disclosed in the Restated Financial Information in the Offer Documents, as covered under the applicable accounting standards and in terms of the materiality policy adopted by the board of directors in their meeting dated February 25, 2023, for determining group companies. Based on the above and the review of Restated Financial Information, AVB Entech Private Limited and Prilika Enterprises Private Limited were identified and considered as the Group Company of the Company.

In addition, confirmations were received from the Company, the Directors and Promoter, members of Promoter Group stating that (i) they have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities, and (ii) they have not been identified as wilful defaulters or fraudulent borrowers as defined under the SEBI ICDR Regulations. Further, confirmations have been taken from Directors that (a) they are not or were not directors on the board of any listed companies whose shares have been/were suspended from being traded on any stock exchange during the period of five years before the date of the Offer Documents; (b) that they are not currently or were previously on the board of a listed company whose shares





have been or were delisted from being traded on any stock exchange during the term of their directorship in such company; (iii) that they have not been declared as fugitive economic offenders.

Confirmations have also been obtained from the Company, Promoter and members of the Promoter Group in respect of their compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent in force and applicable, as on the date of the Offer Documents.

4. **Industry Information**

Unless stated otherwise, the industry and market data and forecasts used throughout the Offer Documents has been obtained from industry sources as well as Government Publications. Industry sources as well as Government Publications generally state that the information contained in those publications has been obtained from sources believed to be reliable.

5. **Statutory and / or regulatory and other diligence**

In connection with diligence of matters relating to statutory and/ or regulatory matters, a review was conducted of the relevant statutory and/ or regulatory records of the Company, including the corporate records and regulatory filings made by the Company, in conjunction with the Legal Counsel. A review was also conducted of material licenses, approvals and registrations applied for and/ or received by the Company and such other documents as we have deemed necessary and as have been provided to us by the Company, from time to time. Together with the Legal Counsel, relevant agreements such as, *inter alia*, business agreements, and material approvals in relation to the manufacturing units of the Company, etc. were reviewed. Further, the Company has provided certain representations and certifications, in connection with such statutory and/or regulatory matters.

6. **Outstanding Litigation and Material Creditors**

For disclosures relating to litigation involving the Promoter, Group Companies and Directors, the Company has provided certifications received from the respective Promoter, Group Companies and Directors. In addition, the Company has provided a consolidated statement for all the litigation proceedings involving the Company, Promoter, Group Companies and Directors (the “**Relevant Parties**”). Further, interactions have been conducted, from time to time, with the relevant representatives of the Company to understand the status of material pending proceedings involving the Company.

Further, in accordance with the SEBI ICDR Regulations, the Board of Directors has adopted a policy on materiality which has been approved by the Board of Directors by a resolution dated February 25, 2023 (“**Materiality Policy**”). In terms of the Materiality Policy, all outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoter in the last five financial years including any outstanding action and tax matters (direct or indirect), would be considered ‘material’ if: (a) the aggregate amount involved, in such individual litigation exceeds 10% of the total revenue of the Company, as per last audited financial statements; or (b) where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed 1% of the total revenue of our Company as per the last audited financial statements, if similar litigations put together collectively exceed 10% of the profit after tax of our Company, or (c) litigations whose outcome could have a material impact on the business, operations, prospects or reputation of our Company, will be considered as material litigation.

All pre-litigation notices received by the Relevant Parties from third parties (excluding such notices issued by statutory / regulatory / taxation authorities or notices threatening criminal action) shall not unless otherwise decided by the Company’s board of directors, be considered material until such time that the Relevant Party is impleaded as a defendant in litigation proceedings before any judicial forum.





Based on the SEBI ICDR Regulations and the Materiality Policy, disclosures on dues to material creditors have been provided in summary format (indicating the total number of, and aggregate outstanding amounts due to such creditors). Further, in terms of the Materiality Policy, all creditors where the amount due from the Company is equal to or in excess of twenty five percent of the total trade payables of the Company basis the latest audited financial information.

7. *Objects of the Issue*

The Company intends to use the Net Proceeds towards (a) Funding the expansion of existing manufacturing unit; (b) Funding of the working capital requirement of the Company; (c) Prepayment or repayment of all or a portion of certain unsecured loans availed by the Company; and (d) General corporate purposes.





ANNEXURE II - B

Checklist confirming regulation-wise compliance with the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

