



निगम वित्त विभाग / Corporation Finance Department
रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार / Registration, Approval And Correspondences
निर्गम एवं सूचीबद्धता प्रभाग / Division Of Issues And Listing - I

SEBI/CFD/RAC/DIL1/2024/34243
October 31, 2024

Kotak Mahindra Capital Company Limited
27BKC, 1st Floor
Plot No. C-27, "G" Block
Bandra Kurla Complex
Bandra (East), Mumbai - 400 051

Kind Attn: Gesu Kaushal, Managing Director - ECF

महोदय / महोदया,
Dear Sir / Madam,

विषय / Sub: Sai Life Sciences Limited का प्रस्तावित आईपीओ / Proposed IPO of Sai Life Sciences Limited

उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट), भारतीय प्रतिभूति और विनिमय बोर्ड (सेबी) द्वारा मांगे गए स्पष्टीकरणों और उसके संबंध में दिए गए उत्तरों के संदर्भ में, यह सूचित किया जाता है कि इनकी जाँच करने पर यह पाया गया है कि इनमें कमियाँ हैं / भारतीय प्रतिभूति और विनिमय बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन्स, 2018] के प्रावधानों और दिए गए अनुदेशों का पालन नहीं किया गया है, और आपके लिए यह जरूरी है कि आप स्टॉक एक्सचेंज और / या कंपनी रजिस्ट्रार के पास प्रस्ताव दस्तावेज दाखिल करने से पहले उन कमियों को दूर करें और संबंधित प्रावधानों तथा दिए गए अनुदेशों का पालन करें। उपरोक्त के संबंध में की गई टिप्पणियों का और जिन शर्तों आदि का पालन किया जाना है, उनका जिक्र संलग्नक 'I' और संलग्नक 'II' में किया गया है। कृपया यह भी नोट करें कि संलग्नक में जो कमियाँ बताई गई हैं / कुछ और प्रकटीकरण (डिस्क्लोज़र) करने की बात कही गई है, यह सब आपको केवल उदाहरण के तौर पर ही बताया गया है। यह सुनिश्चित करने की जिम्मेदारी आपकी है कि सभी और सही प्रकटीकरण किए जाएं।

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.

1. बुक रनिंग लीड मैनेजर होने के नाते, आप यह सुनिश्चित करेंगे कि स्टॉक एक्सचेंज / कंपनी रजिस्ट्रार के पास प्रस्ताव दस्तावेज दाखिल करने से पहले संलग्नक में दी हुई टिप्पणियों / शर्तों आदि के अनुसार प्रस्ताव दस्तावेज में बदलाव कर

लिए जाएं। कंपनी रजिस्ट्रार / स्टॉक एक्सचेंज के पास अंतिम प्रस्ताव दस्तावेज दाखिल करने से पहले आपको हमें एक पत्र भेजकर इस बात की पुष्टि करनी होगी कि अपेक्षानुसार बदलाव कर लिए गए हैं और साथ ही यह भी बताना होगा कि प्रत्येक टिप्पणी / शर्त आदि के अनुसार बदलाव कैसे किए गए हैं। इसके अलावा और कोई भी बदलाव सेबी से लिखित सहमति लिए बिना नहीं किए जाएंगे।

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 filing the final offer document with ROC / Stock Exchange. **NO FURTHER CHANGES SHOULD BE EFFECTED WITHOUT SPECIFIC WRITTEN CONSENT OF SEBI.**

- यह स्पष्ट किया जाता है कि भारतीय प्रतिभूति और विनियम बोर्ड (सेबी) के पास प्रस्ताव दस्तावेज (ऑफर डॉक्यूमेंट) दाखिल करने का अर्थ किसी भी तरह से यह न लगाया जाए कि सेबी द्वारा इसे मंजूरी प्रदान कर दी गई है। सेबी न तो इस बात की कोई जिम्मेदारी लेता है कि जिस स्कीम या परियोजना (प्रोजेक्ट) के लिए निर्गम (इश्यू) लाए जाने का प्रस्ताव है उसकी वित्तीय स्थिति अच्छी है और न ही इस बात की जिम्मेदारी लेता है कि प्रस्ताव दस्तावेज में दी गई जानकारी या व्यक्त की गई राय सही है। अग्रणी प्रबंधकों (लीड मैनेजर्स) ने यह प्रमाणित किया है कि प्रस्ताव दस्तावेज में जो प्रकटीकरण (डिस्क्लोज़र) किए गए हैं वे मोटे तौर पर पर्याप्त हैं और जो प्रकटीकरणों (डिस्क्लोज़र) तथा निवेशक संरक्षण के संबंध में उस समय लागू सेबी के विनियमों के प्रावधानों के अनुसार किए गए हैं। अग्रणी प्रबंधक यह भी सुनिश्चित करेंगे कि ऐसा भारतीय प्रतिभूति और विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिकायरमेंट्स) रेग्यूलेशन्स, 2018] के अनुसार भी किया जाए। ऐसा करना इसलिए जरूरी है, ताकि निवेशक प्रस्तावित निर्गम (इश्यू) में निवेश करने के संबंध में सोच-समझकर निर्णय ले सकें।

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.

- यह भी पूरी तरह से स्पष्ट किया जाता है कि यद्यपि इस बात की जिम्मेदारी मुख्य रूप से निर्गमकर्ता (इश्युअर) कंपनी की होती है कि प्रस्ताव दस्तावेज में समस्त जरूरी जानकारी प्रकट की जाए और जो सही और पर्याप्त हो, फिर भी अग्रणी प्रबंधकों (लीड मैनेजर्स) से अपेक्षित है कि वे यह सुनिश्चित करने के लिए पूरी तत्परता (ड्यू डिलिजेंस) बरतें कि कंपनी अपनी जिम्मेदारियाँ सही ढंग से निभाए, और इसी उद्देश्य से अग्रणी प्रबंधकों ने भारतीय प्रतिभूति और विनियम बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 29, July, 2024 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

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 July 29, 2024, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

4. हालाँकि, कंपनी प्रस्ताव दस्तावेज दाखिल कर देने से ही कंपनी अधिनियम, 2013 की धारा 34 के तहत दी गई किसी भी बाध्यता से मुक्त नहीं हो जाती या वह कानूनी प्रावधानों के अनुसार ली जाने वाली मंजूरी या ऐसी कोई अन्य मंजूरी लेने से मुक्त नहीं हो जाती, जो प्रस्तावित निर्गम के संबंध में लेनी जरूरी हो। हालाँकि, सेबी प्रस्ताव दस्तावेज में कोई अनियमितता या कमी पाए जाने पर कभी भी अग्रणी प्रबंधकों के खिलाफ कार्रवाई कर सकता है।

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.

5. किसी भी प्रचार सामग्री या विज्ञापन में ऐसा कुछ भी उल्लेख नहीं किया जाएगा, जो प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डोक्यूमेंट) में दी गई जानकारी से भिन्न हो। इस संबंध में आपका ध्यान विशेष रूप से कंपनी अधिनियम, 2013 की धारा 36 के प्रावधानों की ओर आकर्षित किया जाता है।

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.**

6. अग्रणी प्रबंधक यह सुनिश्चित करें कि भारतीय प्रतिभूति और विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 के विनियम 25(1) और अनुसूची- III के अनुसार उपरोक्त निर्गम (इश्यू) के संबंध में फाइलिंग फीस की गणना किस प्रकार की गई है उसका एक विस्तृत विवरण, यथास्थिति, कंपनी रजिस्ट्रार के यहाँ प्रॉस्पेक्टस दाखिल किए जाने के सात दिनों के भीतर / स्टॉक एक्सचेंज के पास प्रस्ताव-पत्र (लेटर ऑफ ऑफर) दाखिल किए जाने के सात दिनों के भीतर, सेबी के पास प्रस्तुत कर दिया जाए और साथ ही अब तक अदा की गई फाइलिंग फीस का ब्यौरा भी दिया जाए।

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.

आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से कम हो, तो ऐसे में अग्रणी प्रबंधक यह सुनिश्चित करेंगे और इस बात की पुष्टि करेंगे कि सेबी को शेष फीस अदा किए जाने के संबंध में इन विनियमों की अनुसूची-III के प्रावधानों का पालन किया गया है।





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.

आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से अधिक हो, तो ऐसे में आप सेबी को सूचित करेंगे कि कितनी फीस लौटाई जानी है, साथ ही आप यह भी बताएंगे कि आपने लौटाई जाने वाली फीस की रकम की गणना कैसे की है और सेबी को किसके नाम पर चेक जारी करना होगा।

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.


7. प्रस्तावित निर्गम (इश्यू) इस अभिमत पत्र के जारी होने की तारीख से 12 महीनों के भीतर पैसा लगाने (अभिदान करने / सब्सक्रिप्शन) के लिए खोला जा सकता है।

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

8. आपसे अनुरोध है कि इस पत्र की प्राप्ति के 15 दिवस के भीतर अपना उत्तर प्रस्तुत करें।

You are requested to submit your response within 15 days of the receipt of this letter.

स्थान / Place:
मुंबई / Mumbai


(Ashish Solankey)
आशीष सोलंकी

Annexure I

OBSERVATIONS

1. Please refer to our letter dated August 20, 2024, reply received from LM vide letter dated September 4, 2024 and all other correspondences exchanged. LM is advised to ensure that SEBI observation are suitably incorporated in the offer document.
2. These observations refer to a specific chapter or point, however, the LM shall ensure to disclose the same across all pages / chapters where the same / similar matter is disclosed in the offer document or give a cross reference.
3. The LM is advised to ensure that the language used in the offer document is lucid, usage of abbreviations is limited, abbreviations to be used in the para, if already quoted in the same page / heading. Any expressions, jargons or nomenclatures from other languages or not commonly used, are explained clearly at all relevant places.
4. LM is advised to incorporate all the certificates issued by the Chartered Accountants under the section "*Material Contracts and Documents for Inspection.*"
5. With respect to the section "Definitions and Abbreviations" for Technical, Company / Industry related Terms or Abbreviations, along with the expanded form, suitable meaning / explanation to be provided in simple language.
6. 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.
7. LM is advised to confirm that the Issuer Company / LM has appropriately written / intimated the prospective investors that there is no guarantee that the IPO may come through or listing shall happen and the investment is being done solely at the risk of the investor. Further suitable disclosure in this regard to be made in the DRHP.

Summary of the Offer Document

8. LM is advised to avoid using acronyms / technical terms in this section.
9. Disclose the actual shareholding of the promoters, after removing the intermediate entities / structures. Disclose such shareholding in the Capital Structure section as well.
10. LM to disclose the business and revenue model of issuer company with details of how the revenue of the company is generated; and disclose vertical wise revenue *i.e* research and development and manufacturing.

11. LM to substantiate with data / parameters the claim that the issuer company has a unique delivery model of having research laboratories for discovery and development.
12. LM to disclose the BO details of Sai Quest Syn Private Limited, Marigold Partners, Sunflower Partners, Tulip Partners and Lily Partners with details of partnership deed, percentage of liability etc.
13. LM to disclose the BO details of TPG Asia VII SF Pte Ltd, which is a major shareholder of issuer company. Include disclosure that no natural person has been classified as promoter of the entity.
14. LM to disclose the related party transactions as per the format specified by SEBI(ICDR) regulations, 2018.
15. Page no. 18 - disclose brief reasons for significant increase in PAT margin in the financial year 2023-24 as compared to previous years.
16. Page no. 20 - explain marketing cross charge, FTE cross charge.
17. Page no. 22 - explain why the acquisition price has been mentioned as "NA" in the footnote to the table.

Risk Factors

18. LM is advised to ensure that the Risk Factors provide adequate explanation of risk, are placed based on materiality and provide cross-reference to the exact page no. of the offer document, wherein further information has been disclosed.
19. LM to rephrase the terms "*over which we have no control*" and "*reasons that are not within our control*" at all relevant places in the offer document.
20. Risk Factor 1 - disclose the data on concentration / dependency on clients.
21. Risk Factor 2 - disclose the data on percentage of successful / commercially viable drugs in past 3 financial years. LM to disclose instances of non-approval of products by USFDA, PMDA, COFEPRIS or other regulatory bodies in past 3 financial years along with relevant data.
22. Risk Factor 3 - disclose the findings of audit and inspection carried out by regulatory authorities in past 3 financial years along with actions / penalties, if any, in a tabular format.
23. Risk Factor 4 - disclose the R&D spending in past 3 financial years and the details of their capitalization. LM to disclose relevant data on the success of R&D spending undertaken by the issuer company in past 3 financial years.
24. Risk Factor 5 - disclose the relevant information regarding Form 483 observations from the USFDA and the observation relating to Laboratory Information Management System.

25. Risk Factor 6 - LM to disclose the capacity utilization data.
26. Risk Factor 7 - disclose the revenue derived from international markets, in amount and in percentage of revenues, in the heading of the Risk Factor.
27. Risk Factor 8 - disclose the concentration data in heading of the Risk Factor.
28. Risk Factor 10 - as regards the compounding application filed with ROC, LM is advised to disclose the filing date and further correspondences in this regard. Disclose present status of the same.
29. Risk Factor 11 - disclose country-wise imports and risk associated with the same. specify the major raw materials consumed, and their cost in amount, as well as percentage of total cost of raw material consumed.
30. Risk Factor 12 - disclose data on losses in the heading of the Risk Factor. Disclose relevant data points, including impact on business and financial position of the issuer company.
31. Risk Factor 13 - disclose the details of patents applied for and their status. Disclose validity of material patents in a tabular format.
32. Risk Factor 17 - disclose the capacity of each facility separately and its capacity utilization.
33. Risk Factor 18 - disclose major activities which are done in-house and the ones which are outsourced.
34. Risk Factor 19 - disclose the attrition rate of permanent employees and contract employees in a tabular format. Disclose attrition data in the heading of the Risk Factor.
35. Risk Factor 21- disclose the details of rating downgrade and withdrawals in past 3 financial years.
36. Risk Factor 24 - disclose the instances of lapses in regulatory filings and the inability to maintain records adequately due to system failures or human error, which could lead to regulatory penalties, affect compliance status and/or delay the execution of projects.
37. Risk Factor 25 - disclose major restrictions imposed by each of the regulatory authorities.
38. Risk Factor 30 - disclose the details of acquisitions in past 3 financial years and their valuation parameters and impact on the issuer company.
39. Risk Factor 31 - disclose the instances of material product liability claims, amounts involved and their impact on the issuer company.
40. Risk Factor 33 - disclose material restrictive covenants and their impact on the issuer company.

41. Risk Factor 36 - disclose the reason for pledge of shares by the promoters, and disclose that the said amount raised has been used for the issuer company. LM to ensure disclosure of relevant information in this regard. With respect to certain shares pledged with IIFL Finance Limited, disclose any conflict of interest with IIFL Securities Limited, being one of the BRLMs.
42. Risk Factor 40 - disclose the parameters where the competitors are better placed, as disclosed in basis of issue price / industry reports.
43. Risk Factor 45 - disclose whether the complete report or extract of the report has been disclosed in the DRHP. Also, disclose that no material facts / information have been omitted.
44. Risk Factor 46 - disclose the details of material lease rentals / agreements.
45. Risk Factor 47 - disclose that the details of pending statutory dues as mentioned in this Risk Factor have been brought to the notice of the concerned regulators.
46. Risk Factor 62 - disclose the relevant amounts.
47. LM is advised to add suitable Risk Factors under appropriate heading, disclosing the risk involved along with relevant data, on the following points:
 - 47.1. Increased cost of raw materials
 - 47.2. Excess Production Capacity and Associated Costs
 - 47.3. Need of Experienced and Skilled Workforce
 - 47.4. Regulatory Compliance Risks
 - 47.5. Delay in delivery from the scheduled timeline of the projects in past 3 financial years along with its impact on the business of issuer company. LM to disclose the compensations paid in this regard.
 - 47.6. Specific reason for substantial increase in profits for the FY 2024 compared to FY 2023. Include disclosure that such increase in profit / revenue may not sustain in future.
 - 47.7. Availability of alternative formulations at cheaper price and competition risk, along with market share data of the competitors.
 - 47.8. Country specific risk along with data on exports.
 - 47.9. Leverage ratios, finance cost and loans outstanding and their impact, including the impact of pre-payment of the borrowings through proceeds of the issue.
 - 47.10. Working capital components for which issue proceeds are proposed to be utilized. LM to obtain a CA certificate that these loans were utilized for the intended purpose and disclose the same.

- 47.11. Disclose the impact of loss of biotech customers, including the loss of the biggest customer in the financial year 2024, and along with its potential impact.
- 47.12. Products which are ineffective, cause harmful side effects, failed to achieve market acceptance or are precluded from commercialization by proprietary rights of third parties in past 3 financial years.
- 47.13. LM to disclose the lifecycle of developments of products along with duration of such products launched by issuer company in the past 3 financial years, along with list of successful, ongoing and non-successful products.

Objects of the issue

48. LM is advised to ensure that the usage of funds is as per the disclosures made in the objects of the issue, including the period of utilization.
49. Page no. 105 - LM is advised to disclose the details of offer for sale such as the selling shareholders, number of shares offered along with percentage, percentage of total offer size etc.
50. With respect to the repayment of loan to Kotak Mahindra Bank Limited, LM is advised to make a disclosure that Kotak Mahindra Capital Company Limited is one of the BRLMs and it does not have any conflict of interest on the due diligence carried out in connection with the proposed IPO.
51. Page no. 109 -110 - As regard the offer expenses, LM is advised to modify the disclosure from "*in accordance with and subject to applicable law*" to proportionately among the selling shareholders and the issuer company.
52. Page no. 111 - Interim use of net proceeds, LM is advised to disclose that no lien in any manner to be created on the issue proceeds.
53. Page no. 112 - LM is advised to disclose the objects and time period of utilization.
54. LM is advised to ensure that only eligible employees to be allocated under employee reservation category.

Other sections

55. Page no. 69 - disclose reasons for allotment of equity shares to select entities under Rights Issue.
56. Page no. 76 - With regard to the discrepancies of corporate record, LM is advised to disclose the details of allotment such as date, name of the allottees, number of shares, etc. The due diligence undertaken by LM in this regard to be disclosed.
57. Page no. 77 - With respect to the conversion of OCPS to CCPS, LM is advise to disclose the following:

- 57.1.1. Terms of conversion, contingencies etc.
 - 57.1.2. Disclose that the shares allotted pursuant to conversion of OCPS will not be included in MPC and will not be eligible to be offered under Offer for Sale.
 - 57.1.3. Whether the same was in compliance with the Company's Act, 2013.
 - 57.1.4. Details of the shareholders' approval.
58. Page no. 77 - disclose the details of the scheme of arrangement, valuations etc. and the same to be part of material contracts for inspection of documents. Explain the same through diagram including valuation parameters, swap ratio etc.
59. Page no. 96 - LM is advised to disclose the number of shares, which are not in the demat form, the reason for the same and the action proposed for dematerialization of the same.
60. Page no. 188 - With regard to the shareholder agreement dated March 27, 2019, LM is advised to suitably disclose material information such as date of termination, provisions on confidentiality, warranties, dispute resolution etc.
61. Page no. 189 - With regard to the Gift Deed dated July 10, 2024 disclose the following:
- 61.1. Reasons for giving gift to the Promoters may be clearly spelt out.
 - 61.2. Clearly disclose that such transfers were not contingent upon SEBI observations / filing of UDRHP etc.
 - 61.3. There was no quid pro quo arrangement.
 - 61.4. Disclose benefit accrued to promoter.
 - 61.5. Whether the same is in compliance with all relevant provisions of the applicable laws, including income tax.
 - 61.6. The above to be disclosed as a Risk Factor.
 - 61.7. Such Risk Factor to be included in the price band.
62. LM is advised to confirm that any Board representative of public shareholder to be subject to approval by the public shareholders subsequent to listing of the issuer company. Also, the interested party / related/connected party not to participate in voting for the said approval.
63. As regard the employees of the Issuer company, LM is advised to disclose whether the statutory dues to the Government and provident fund for all full time employees have been paid for the last three years. LM shall disclose total PF being paid for number of employees and whether the same is paid as per statutory law/obligation and the amount paid. Such details and bifurcation shall be disclosed for various dues such as PF, ESIC, GST, TDS, other statutory contributions etc. shall be given in the document and whether the obligation have been duly discharged in terms of the applicable laws.

64. LM to include a categorical statement that it has gone through the Articles of Association (AoA) of the Issuer Company and confirm to SEBI that no special rights are available to the Promoters / Shareholders in the AoA, at the time of filing of the offer document.
65. LMs shall confirm to SEBI that as on the date of the offer document, the clauses / covenants of AoA of the Issuer Company are in compliance with the Companies Act and the Securities Laws, as applicable.
66. Regarding Articles of Association, LM is advised to be guided by the principle that all special rights under any shareholder or other agreement or Articles shall stand terminated in accordance with the provisions and can be instated only on the basis of shareholder approval through special resolution. LM is advised to provide confirmation that Part B shall be terminated at the time of UDRHP.
67. LM is advised to adhere to the following conditions:
- 67.1. UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
- 67.2. UDRHP shall contain necessary updated disclosures justifying the offer price under Section -“Basis for offer price”, “Risk Factors” etc., particularly emphasizing on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration, P/E ratio in case DRHP is filed under Regulation 6 (1) of the ICDR Regulations (and /or) Market Cap / Total Revenue ratio in case DRHP is filed under Regulation 6 (2) of the ICDR Regulations), with corresponding suitable explanations so as to justify the offer price”.
68. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
69. LM is advised to comply with the timeline for listing of shares in Public Issue of T+3 days as prescribed under the SEBI Circular dated August 09, 2023.
70. LM is advised to provide a confirmation that the public shareholders of the Issuer Company are not related or associated in any manner directly or indirectly with the promoters/promoter group/directors/KMP or their relatives of the issues, subsidiary, group, associate etc.
71. The BRLM to ensure that only eligible employees are allotted shares under the employee reservation category.
72. LM is advised to ensure compliance with all the directions given to Association of Investment Bankers of India (AIBI).
73. At ‘Industry overview’: Clause 24 (3) of SEBI (ICDR) Regulations, 2018, requires that the LM shall exercise due diligence and satisfy himself about all aspects of the issue including

the veracity and adequacy of disclosure in the draft offer document and the offer document. In view of the same, LM is advised to ensure that:

73.1. The 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.

73.2. The "Industry Overview" section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor have any underlying assumptions been omitted for investors to make an informed decision.

73.3. LM is further advised to include industry report in the list of material documents for inspection and also provide a link in the offer document for online access of industry report.

74. 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.

75. LM is advised that reference to name of any place mentioned in the offer document may be followed by name of City / State, as the case may be.

76. With respect to all the complaints received by LM / company / forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures of the same are made in the Red Hearing Prospectus and other Offer related material along with the disclosures of the financial impact of the same, if any.

77. LM is advised to ensure that the disclosure of details of all the criminal matters initiated by or against the company, group, directors, promoters, subsidiaries which are at FIR stage and no / some cognizance has been taken by court, is incorporated in the UDRHP / RHP along with appropriate Risk Factors in this regard.

78. 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]%. ”*

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.

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

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 RHP 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 SCORES authentication is taken by the issuer company prior to listing.
8. 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.

9. ASBA:

79.1.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 centers 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.

79.2.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 !!!

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.** List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in**.*
