



Assistant General Manager  
RAC-Division of Issues and Listing-1  
Corporation Finance Department

SEBI/CFD/RAC-DIL1/2024/16414  
May 10, 2024

ICICI Securities Limited  
ICICI Venture House,  
Appasaheb Marathe Marg,  
Prabhadevi,  
Mumbai - 400 025

Kind Attention: Mr. Rupesh Khant / Mr. Prem D'cunha

महोदय / महोदया,  
Dear Sir / Madam,

**विषय / Sub: Proposed IPO of Allied Blenders and Distillers Limited**

उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट), भारतीय प्रतिभूति और विनियम 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 विनियम 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.**

2. 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 रिक्वायरमेंट्स) 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.

3. यह भी पूरी तरह से स्पष्ट किया जाता है कि यद्यपि इस बात की जिम्मेदारी मुख्य रूप से निर्गमकर्ता (इश्यूअर) 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 (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन्स, 2018 के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख January 15, 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 January 15, 2024 in accordance with SEBI ICDR Regulations, 2018.

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 डाक्यूमेंट) 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. अग्रणी प्रबंधक इस पत्र के 15 दिवस के भीतर अपना उत्तर प्रस्तुत करें।

LM is advised to submit its response within 15 days of the receipt of this letter.

Place: Mumbai

  
Ashish Solankey

## Annexure I

### OBSERVATIONS

1. Please refer to our letter dated February 9, 2024 and the response received from LM dated February 17, 2024 and all other correspondences exchanged. LM is advised to ensure that the same is suitably incorporated in the RHP.
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.
3. LM is advised to ensure that the disclosure of Risk Factors are based on materiality and provide cross-reference to the exact page, wherein the relevant information has been disclosed.
4. LM to ensure that the language used in the DRHP is lucid. The usage of abbreviations is limited. Further, abbreviations to be only used in the para, if already quoted in the same page / heading. Any jargons or terminologies from other languages to be explained clearly at all relevant places.
5. Reference to selling shareholders being consulted for pricing to be removed. In this regard, strict compliance with Regulation 28 (1) of ICDR to be ensured.
6. LM is advised to incorporate all the certificate issued by the Chartered Accountants under section Material Contracts and Documents for inspection.
7. LM is advised to confirm and disclose that the Pre-IPO allottee has been appropriately intimated that there is no certainty that the IPO may come through or listing shall happen and the investment is being done solely at the risk of the investor. Further such disclosure to be made at all relevant places in the DRHP.
8. LM is advised to disclose that the amount of Pre-IPO placement is to be used for the Object of the Issue as disclosed in the draft offer document.
9. LM is advised to incorporate a suitable Risk Factor on Pre-IPO price, whether the same was at a price higher / lower than the IPO price. Such Risk Factor to be included in the Price Band Advertisement.
10. LM is advised to ensure compliance with SEBI direction to AIBI vide email dated July 4, 2023 related to disclosures pertaining to Pre-IPO placement and transaction of shares by promoters and promoter group(s) in the Public Announcement and Price Band Advertisement.
11. At "Offer Document Summary", LM is advised to disclose the following:

- LM to clarify and disclose “contract with customers” and disclose the revenue from other than contracts.
- Status of the miscellaneous petition for removal and rectification of trademark.
- Disclose the reason for acquisition of 1 share at Rs 750 by Promoter Group Company.

12. LM to disclose the Risk Factor 12, 14, 18, 31, 34,36, 69 as Top 15 Risk Factors.

13. LM is advised to include separate Risk Factor under appropriate heading disclosing the relevant data and risk involved in the heading of the Risk Factor, on following points:

- a. PAT margin and ROE data of the issuer for last three years and comparison with the peer companies. LM to disclose the risk to investors relating to their investments in the public issue. (Top 10 Risk Factor)
- b. Higher tax component of the business, coupled with price restrictions which is resulting in low margins and hence low profitability of the business (Top 10 Risk Factor)
- c. Market share of the company compared with other players in the segment and risks relating to increased competition (ref page 181). (Top 10 Risk Factor)
- d. Disclose the details of unsecured borrowings from promoter group entities, terms of loans, interest rates etc and the impact of the same on the issuer company. (Top 20 Risk Factor)
- e. Details of complaints received from the date of filing of the previous DRHP.
- f. Action by Central Consumer Protection Authority and other statutory / regulatory bodies as separate Risk Factor with heading reflecting the actions taken in the past.( ref page 47) (Top 10 Risk Factor)
- g. Regional concentration of manufacturing facility with relevant details.
- h. Percentage revenue from states and concentration / dependency on the state governments.
- i. Dependency on third party bottling units and impact of the same on non-performance / past incidents of actions / damages in the last 5 years as a separate Risk Factor.
- j. Supplier’s concentration risk with data of top suppliers of raw materials / long term contracts, if any.
- k. Details of penalties / damages paid / disqualifications, if any in the past for delay or non-adherence to quality. (Top 20 Risk Factor)

- i. All the material approvals to be obtained / applied for from any regulatory authorities.
  - m. Risks due to quality of raw materials which will affect the product quality and in turn affect the issuer company.
  - n. Pending approvals of any quality control authorities / statutory bodies and the effect of the same.
  - o. Country liquor including risk and opportunities emanating from this segment.
  - p. Religious issues and health concerns relating to consumption of liquor.
14. LM is advised to disclose the date of Board approvals obtained for disclosed initiatives, such as expansion, expenditures etc. Non-disclosures shall be qualified with reasons.
15. LM to include a categorical statement that it has gone through the Articles of Association (AoA) of the Issuer Company and confirm that no special rights of any nature are available to any person in the AoA, at the time of filing of the offer document.
16. Risk Factor 1 - Share of Top 3 categories of IMFL to be disclosed in the Table. Further, provide the details of *future whisky products, new markets, expansion and new whisky or other products* as mentioned in the Risk Factor, else mention that as on date no such proposal is under consideration. LM to disclose the percentage of product concentration in the heading of Risk Factor along with risks associated with it.
17. Risk Factor 2 - Disclose revenues generated from Top 5 products in past 3 financial years and stub period.
18. Risk Factor 4 - Move the Risk Factor after Top 10.
19. Risk Factor 5 - Any material incident of industrial accident or suspension of operation etc in past 3 financial years to be disclosed. Move the Risk Factor after Top 10.
20. Risk Factor 6 - Revenue generated from Top 1, Top 5 and Top 10 customers to be disclosed. Name of these customers to be disclosed, otherwise provide a confirmation that such details are not available in the public domain.
21. Risk Factor 7 - Disclose the details of loans availed from others. Provide reference to exact page no. as full details of indebtedness not available on page no. 454. LM to provide a confirmation that there is no amount overdue to any financial lender as on the date of DRHP. Delays in repayment or the breach of conditions to be updated.
22. Risk Factor 9 - W.r.t. debit memorandum received from certain customer in FY 2022 and show cause notice received in the matter of differential trade rate, complete details including the name of the customers to be disclosed.

23. Risk Factor 10 - Material details *w.r.t.* risk to supply of grain required to manufacture ENA to be disclosed.
24. Risk Factor 11 and 14 - LM to reword the heading to properly reflect the risk along with relevant data.
25. Risk Factor 15 - Complete details of the cases under section 138 of NI Act are not available. Provide the same in a tabular format including details such as the parties to the dispute, present status etc. Move the Risk Factor to Top 10.
26. Risk Factor 16 - Move the Risk Factor to Top 10.
27. Risk Factor 19 - Explain how acquisition of the warehouse is dependent on the excise policy of the state government.
28. Risk Factor 20 - Disclose the details of social responsibility initiatives including expenditure in terms of percentage of revenue.
29. Risk Factor 24 - Risk due to quality of employees, inadequate training and its impact on the issuer company.
30. Risk Factor 27 - LM is advised to disclose delays, if any, in payment of ESIC, PF, IT and other statutory dues, appropriately in the offer document. Further, With regard to 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 and the number of the employees for whom the statutory dues and provident fund are paid for the last 3 years and stub in a tabular format. LM shall disclose the total PF being paid for the 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 has been duly discharged in terms of the applicable laws.
31. Risk Factor 32 - Move the Risk Factor to Top 20.
32. Risk Factor 36 - LM to disclose the details of the amount of interest paid for delay in payment of statutory dues in the heading and give details of delays in last three years in tabular format along with reasons for delay.
33. Risk Factor 37 - Move the Risk Factor to Top 10.
34. Risk Factor 38 - Disclose the name of the third party body corporate and other relevant details of the transaction. LM to disclose the detail of all lenders consent for the issue.



35. Risk Factor 46 - Disclose, if the operations continued in the absence of such approvals / delay in renewals, whether the company is subject to regulatory action for the same.
36. Risk Factor 47- LM to disclose the SEBI actions / past incidents of non-compliances as separate Risk Factor. Move the Risk Factor to Top 20.
37. Risk Factor 48 - LM to disclose the total cases produced and total amount paid in the past as royalty to ICONIQ. Move the Risk Factor to Top 20.
38. At Capital Structure, disclose the following:
- Material Details of the ABD Scheme
  - Reference to valuation report of CCDs/ board resolutions and place it as material document for inspection.
39. At Objects of the Offer, disclose the following:
- Page no. 123 - purpose of additional borrowings to be availed after the DRHP.
  - Page no. 124 - date of sanction / disbursements.
  - Details of working capital in the last three years along with source of funding as the majority of loans are for working capital.
  - Page no. 128 - remove the usage of funds in GCP which are directly / indirectly covered under the object of issue. LM to explain as to why shareholders' approval is not included therein.
  - Page no. 128 - specify under which conditions the Objects of the Offer are proposed to be funded through internal accruals.
  - Page no. 130 - Monitoring Agency to monitor utilisation of the Gross Proceeds.
40. Page no. 135 - LM to independently verify and confirm the statements under KPI and compliance of relevant provisions of SEBI ICDR with regard to disclosure of Key Performance indicators.
41. Page no. 205 - disclose the States serviced as on the date of UDRHP. Mention the states having retail outlets.
42. Page no. 206 - royalty arrangements to be disclosed. How the quality control and assurance parameters are implemented at third party bottlers.
43. Page no. 206 - provide data on owned and third party bottling plants. Disclose if any of these plants are operated by related parties.
44. Page no. 208 - disclose the share of revenue from domestic and international markets.

45. Page no. 209 - delete the name of the campaigns.
46. Page no. 210 - how the location of the manufacturing unit is strategic is not explained.
47. Page no. 213 - disclose the details of Board approval for expansion in Karnataka and Uttar Pradesh and introduction of new products.
48. Page no. 214 - the section on growth opportunities through selective acquisitions appears futuristic without substantiation.
49. Page no. 214 - disclose the amount spent towards sustainability initiatives in past 3 financial years and stub period and provide material details.
50. Page no. 223 - disclose the environmental and health concerns relating to disposal of by-products.
51. Page no. 224 - provide the concentration among contract or leased bottling units.
52. Page no. 227 - disclose whether the packaging is done internally or by third parties.
53. Page no. 297 - disclose select financial information of the Corporate Promoters.
54. Provide a confirmation that none of the Independent Directors on the Board of the issuer company are related the promoters / promoter group / directors and other related parties.
55. Page no. 460 - w.r.t actions by statutory or regulatory authorities against the Company and promoter, the averments made by the Company to be also discussed at all such cases.
56. Page no. 461 - To provide a confirmation that the issuer company is mentioning all the required information, in terms of the applicable laws, on the product label.
57. LM is advised to ensure and to confirm that there is no conflict of interest, directly and indirectly, between lessors and the directors, promoters, promoter group, KMP or their relatives / associates of the company, its subsidiaries, group companies, associates etc, in any manner or directly / indirectly.
58. 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:
  - i. 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.

- ii. 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.
- iii. 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.

59. 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.
60. 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.
61. 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.
62. 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.
63. 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.

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

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## 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:

- i) 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.
- ii) 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](http://www.sebi.gov.in).\*\* List of banks supporting UPI is also available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)\*\*.*

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