



सहायक महाप्रबंधक

Assistant General Manager

र.सं.प.-निर्गम एवं सूचीबद्धता प्रभाग-2 / RAC- Division of Issues and Listing-2

निगम वित्त विभाग / Corporation Finance Department

SEBI/HO/CFD/RAC-DIL2/P/OW/2023/47093/1

November 28, 2023

Mr. Brijesh Jitendra Parekh,  
Unistone Capital Private Limited

A/305, Dynasty Business Park,

Andheri Kurla Road, Andheri East, Mumbai - 400059

महोदय,  
Sir,

**विषय / Sub: Proposed IPO of Platinum Industries 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 डिस्क्लोजर 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 (डिस्क्लोजर) 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.

8

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 [पंजी 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 (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 (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन्स, 2018 के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख July 11, 2023 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 11, 2023 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 डॉक्यूमेंट) 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 receipt of this letter.

Place: Mumbai

  
Sonal Pednekar

**Annexure I**

**OBSERVATIONS**

1. Please refer to our email dated August 2, 2023, and the response from LM dated August 11, 2023 and all other correspondences exchanged. Wherever the LM has undertaken to modify/delete/amend the risk factors or in other relevant section of the DRHP in its replies, the same shall be duly modified and incorporated in the updated Red Herring Prospectus (“UDRHP”) / Red Herring Prospectus (“RHP”).
2. Clause 24 (3) of SEBI (ICDR) Regulations, 2018, requires LM to exercise due diligence and satisfy himself about all aspects of the issue including the veracity and adequacy of disclosures in the offer document. In view of the same, LM is advised to ensure that:
  - i. 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.
3. Wherever the LM has mentioned “*Complied with*” or “*Noted for compliance*” or “*Complied with and noted for compliance*” or “*Complied with to the extent applicable*” or “*Complied with, to the extent applicable and noted for compliance*” or “*Complied with and noted for compliance, to the extent applicable*” in its replies, LM shall ensure that the same are duly complied with.
4. 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.
5. LM is advised to ensure that UDRHP is filed with SEBI not less than seven working days prior to submission of the draft price band advertisement.
6. LM is advised to ensure that the currency denomination is mentioned at all places.
7. LM is advised to refrain from using adjectives and replace the words such as largest, biggest, leading, etc. used at various places in the draft offer document.
8. LM is advised to ensure that the company is in compliance of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter



referred to as SEBI (LODR) Regulations, 2015) and submit an undertaking to this effect along with UDRHP.

9. LM is advised to take note of amendments to ICDR Regulations dated November 21, 2022 with respect to Key Performance Indicators and ensure compliance with the same.
10. LM is advised to disclose the details of allotment of securities in violation of the provisions of the Companies Act in UDRHP / RHP.
11. LM is advised to ensure that UDRHP contains 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, with corresponding suitable explanations so as to justify the offer price. (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)
12. LM is advised to ensure to disclose the observations across all pages/chapters wherever applicable.
13. **Pre-IPO placement:** The DRHP contains a statement that "Our Company, in consultation with the BRLM may consider a pre-IPO placement...". LM is advised to disclose prominently the price and name of the shareholders on the date of allotment if any pre-IPO placement is done. LM is also advised to confirm within 1 day of receipt of letter from SEBI, that the issuer Company/LM has appropriately written/intimated in writing to the investor entity/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, such disclosure to be made part of the offer document as well, in all places where pre-IPO is mentioned.

Further, appropriate disclosure to be made in the price band and other advertisements by the issuer/BRLM with respect to the issue price of pre-IPO shares and any secondary transactions.

14. LM is advised to mention face value on the front cover page in the details of the issue to public section.
15. **Offer Document Summary:** (i) LM is advised to provide cross reference to 'Our Business' section for further information and provide exact page number. (ii) LM is advised to remove data in respect of future projections in the summary of the industry. (iii) LM is advised to ensure that the information is not older than 6 months. (iv) LM is

advised to remove estimated utilization of net proceeds from the table on utilization of proceeds of the Issue. (v) LM is advised to include certificates by M/s Orbit Consultants & Valuers and M/s AMS & Co. as Material Contracts and Documents for Inspection. (vi) LM is advised to include post issue paid up capital held by promoters and promoter groups in the table on page 29. (vii) LM is advised to include total amount of RPTs and RPTs as a percentage of revenue and also at all other relevant sections of the offer document with updations, if any. (viii) LM is advised to include suitable footnote to the table on 'Financial Information' stating reasons for increase in share capital and net worth during the reporting period. (ix) LM is advised to disclose justification and usage of reserves for bonus issuance (page 38). LM is also advised to disclose suitable risk factor in this regard.

16. **Risk Factors** - (i) Every risk factor shall be provided with a cross-reference to the detailed description of the facts / reasons in the DRHP, wherever applicable with exact reference to paragraph and page number. (ii) In all risk factors, wherever either only percentages or the absolute values are mentioned, LM shall ensure to disclose both the absolute values and percentages adequately. (iii) LM is advised to include past instances of occurrence of the risk in the last 3 years, else provide a negative confirmation.
17. **Risk Factor 1:** LM is advised to keep this in top 10 risk factor.
18. **Risk Factor 2:** LM is advised to disclose if the issuer had any long term relationship with the two customers who have discontinued business. Further, LM is advised to include impact of discontinuation of business.
19. **Risk Factor 3&5:** LM is advised to state reasons for setting up new plant in Palghar despite existing capacity being underutilized.
20. **Risk factor 4:** LM is advised to retain existing table showing revenue contribution of products manufactured.
21. **Risk Factor 6:** LM is advised to disclose % of raw material imported in last 3 years.
22. **Risk Factor 11:** LM is advised to disclose trade receivables and allowance for bad debts in the same table.
23. **Risk Factor 5&12:** LM is advised to disclose if there is separate production capacity limit imposed by MPCB, if any. LM shall also disclose if the Company has applied for any compounding of violations, if such provision exists. Factual position shall be disclosed.
24. **Risk Factor 6:** LM is advised to disclose impact of supply disruptions in the past 3 years on the business and financials of the Company else provide a negative confirmation.

25. **Risk Factor 9:** LM is advised to disclose geography wise revenue distribution in descending order.
26. **Risk Factor 13:** LM is advised to disclose this as top 10 risk factor. Further, LM shall disclose when the agreement was signed along with its validity and amount paid in last 3 years under the agreement. LM is also advised to disclose details of shares issued to Dr. Horst Schiller and Sarah Schiller.
27. **Risk Factor 17:** LM is advised to disclose consequences in case sweat equity shares are not regularized.
28. **Risk Factor 25:** LM is advised to disclose with interest or without interest along with rate of interest.
29. **Risk Factor 29:** LM is advised to give comparable figures for the last 3 years and stub period only.
30. **Risk Factor 35:** LM is advised to give cross reference of 'Capital Structure' Section in place of 'Summary of the Offer Document'.
31. **Risk Factor 39:** LM is advised to remove the statement '*We cannot assure that the CRISIL Report assumptions are correct or will not change*'.
32. **Risk Factor 62:** LM is advised to remove reference to BRLM from this risk factor and ensure not to give such reference in future for documents filed.
33. LM is advised to include separate RF in top 15 on environmental effect of the products manufactured by the company and increasing trend in non-lead PVC products.
34. LM is advised to include separate RF in top 20 regarding non-experience of board members as directors of listed company and majority of the executive directors do not have educational qualification relating to the business of the company.
35. LM is advised to disclose Risk factor 10 in top 5 risk factor (top 1).
36. LM is advised to include separate RF in top 25 that promoters/directors have given personal guarantee for loan taken by issuer.
37. LM is advised to insert the following Risk Factor with respect to ASM and GSM in the Offer Documents – "Pursuant to listing of the shares, the Issuer company may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and



Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.”

38. With respect to all External Risk Factors, LM is advised to ensure that the same are factually correct and no irrelevant information should be disclosed.
39. **Capital Structure:** LM is advised to update validity of quotation in the tables across document.
40. Page 101: LM is advised to disclose the table mentioned at point no. 14 as a part of price band advertisement.
41. **Objects of the offer:** LM is advised to disclose amount spent on land acquisition in both the objects 1&2. LM is also advised to provide current status and % completion for both the proposed facilities.
- LM is advised to update the para and table disclosed on page 114 of the DRHP.
42. **Our Business:** LM is advised to disclose break up of direct revenue and revenue generated from distributors.
43. Page 184 – LM is to provide reason/explanation for reduction in net capital turnover ratio from 98.3 in FY 2021 to 6.07 in FY 2023.
44. Page 198: LM shall disclose how much PF is being paid for how many employees and whether the same is paid as per statutory law/obligation and the amount paid for the past 3 years and stub period. Such details and bifurcation shall be disclosed for various dues such as PF, ESIC, GST, TDS, other statutory contributions, etc.
45. LM may be advised to include all relevant information of Mr. Robin Banerjee including brief profile, experience, etc. at appropriate sections of the UDRHP.
46. **History and Certain Corporate Matters:** LM is advised to disclose details of revenue sharing including revenue sharing amount paid for the past 3 years and stub period.
47. LM shall ensure that the main/sub-headings in the UDRHP/RHP shall not have any abbreviations. The main/sub-headings shall be in fully expanded form with its abbreviations in brackets.
48. LM is advised to include updated audited financials at the time of filing UDRHP/RHP.
49. 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.

50. LM is advised to ensure that requisite steps are taken by the Company in order to comply with the compliance requirements pursuant to the listing including corporate governance norms, disclosure requirements, transactions with related parties, etc. as specified under SEBI (LODR) Regulations, 2015.
51. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with Other Regulatory Authorities is made in the UDRHP/RHP.
52. 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 RHP and other Offer related material along with its financial impact, if any.
53. 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.
54. LM is advised to include details of related party transactions and RPTs as a percentage of revenue at relevant section of the offer document with updations, if any.
55. **Summary of Outstanding Litigation and Material Developments-** LM is advised to ensure and disclose that the existing litigations are not so major that the issuer's survival is dependent on the outcome of the pending litigation.
56. **Financial information:** LM is advised to ensure that the financial information provided in UDRHP/RHP is not more than 6 months old from the issue opening date.

LM is further advised to comply with the conditions specified in the Schedule VI of SEBI (ICDR) Regulations, 2018 while disclosing the financial information in UDRHP/RHP.

LM is advised to ensure that Restated Consolidated Financial Statements are prepared as per relevant Indian Accounting Standards and calculation of Operating Profit to check the eligibility under Regulation 6 of SEBI (ICDR) Regulations, 2018 are in line with established practices.

57. In addition to the requirement as specified in Regulation 32 of SEBI (LODR) Regulations, 2015, the LM is advised to ensure that a report on utilization of proceeds of the fresh issue is prepared and certified by the statutory auditor of the Company on a quarterly basis. The Company shall, within forty-five days from the end of each quarter, submit the said report to the stock exchange(s) on which its equity shares are listed.

58. **Government and other approvals:** LM is advised to clearly disclose whether all approvals which are required to be sought in relation to the business of the company are in place. If no, LM is advised to include a separate risk factor with respect to the same.

Further, LM is advised to include and suitably update the details of pending licenses / approvals and permits (expired or under renewal) from statutory and regulatory authorities.

59. The LM is advised to ensure that the disclosures in abridged prospectus and front cover page of the offer document are in compliance with the SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023.

60. 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. LM is also advised to ensure that the Price Band ad shall contain risk factors related to business and financials.

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

62. LM is advised to ensure compliance with the below email advisory sent to AIBI through email dated November 13 and November 15, 2021 and amendment to ICDR dated November 21, 2022:-

- a. LM shall ensure that all issuer companies filing offer document should provide - Price at which specified security was acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right to nominate directors or any other rights. Following details may be disclosed for such transactions in tabular format – name of acquirer, date of acquisition, number of shares acquired and acquisition price per share.
- b. The portion pertaining to “Risks to Investors” shall constitute at least 33% of the price band advertisement space.
- c. The risks to investors shall include weighted average cost of acquisition of all shares transacted in last 3 years, 18 months and 1 year, from the date of RHP, in the following format :

Period	Weighted Average Cost of Acquisition (in Rs.)	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in Rs.)
Last 1 year			
Last 18 months			
Last 3 years			

*Range of acquisition should show lowest price of acquisition excluding gift/bonus.*

- d. The font size for price band and “Risk to investors” should be increased to match the font of BID/Offer Programme.
- e. Matters related to ASBA and UPI may be brought subsequent to Price Band, Risks to Investors, Bid/ Offer Programme and other offer details, and can be of smaller font.

*The portion pertaining to “BRLMs” shall not constitute more than 10% of the price band advertisement space.*

63. LM is advised to suitably incorporate the comments of the stock exchanges, if any in the UDRHP/RHP.



64. LM is advised to disclose inter-se agreements/ arrangements between the shareholders in the UDRHP/RHP, if any.

65. At 'Offer procedure' LM is advised to remove the following:

*Our Company, the Selling Shareholders, the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus.*

66. LM is advised to ensure that the issuer shall be in compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957.

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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 cover page to be strictly in compliance with the ICDR Schedule VI- all extra texts may be avoided to ensure that the focus remains on the statutory texts mentioned in the Schedule.
3. LM is advised to ensure compliance of relevant circulars issued by SEBI in addition to circulars specifically mentioned in this observation letter.
4. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
5. 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.
6. 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.
7. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
8. 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.
9. LM shall confirm to SEBI that as on the date of the offer document, the clauses/ covenants of Articles of Association (AoA) of the issuer company are in compliance with the Companies Act and the Securities Laws, as applicable.

10. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.

11. In pursuance of Sub-Regulation 9(a) of Regulation 25 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.

**12. 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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