



सहायक प्रबंधक / Assistant General Manager,
निर्गम एवं सूचीबद्धता प्रभाग-II/ Division of Issues and Listing-II,
रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार /Registration, Approval and Correspondences
निगम वित्त विभाग/Corporation Finance Department,
ई-मेल/Email :- sonalp@sebi.gov.in
दूरभाष सं. /Tel. No :- 022-2644 9609

SEBI/HO/CFD/RAC-DIL2/P/OW/2023/45337/1
November 10, 2023

Axis Capital Limited
1st Floor, Axis House,
C-2 Wadia International Center,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 025

Kind Attention: Mr. Sagar Jatakiya/ Ms. Mayuri Arya

महोदय / Sir,

विषय / Sub: Epack Durable Limited का प्रस्तावित आईपीओ / Proposed IPO of Epack Durable Limited ("the company")

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 you file 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 [पैजी 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 (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 11 अगस्त, 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 August 11, 2023, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

- 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.

- 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.**

- 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, 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 (twelve) months from the date of issuance of this observation letter.

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

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

Place: Mumbai


Sonal Pednekar

Annexure I

OBSERVATIONS

The following are SEBI's observations in respect of Draft Red Herring Prospectus of Epack Durable Limited. While these observations refer to a specific chapter or point, the LM shall ensure to disclose the same across all pages/chapters where the same/similar matter occurs in the DRHP.

1. Please refer to our letter dated September 06, 2023 and your letter dated September 14, 2023 and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. With regard to above, LM is advised to ensure that the changes made pursuant to our clarifications are duly incorporated in the updated DRHP and RHP and Abridged Prospectus.
3. Wherever the LM has undertaken to modify / delete 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 DRHP / RHP.
4. 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.
5. LM is advised to ensure that all abbreviations used in the offer document should be described in "Definition and Abbreviations" section.
6. LM is advised to ensure all quantitative information be provided in tabular form and free from discrepancies/errors in all sections for the ease of reading. LM may provide with certainty all the relevant information sought by SEBI till the issue of this observation letter, in the offer document/UDRHP/RHP.
7. LM is advised to ensure that the primary business of the company shall be disclosed in lucid and economical language. The disclosure shall specify the industry, sector, activity, products etc. with clarity.
8. LM is advised to disclose in the RHP that the company, its Directors and its promoters / promoter group are not declared as "Fraudulent Borrowers" by the lending banks or financial institutions or consortium, in terms of RBI master circular dated July 01, 2016.
9. LM is advised to mention face value at all places where number of shares are mentioned (including on the front cover page).

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10. Pre-IPO Placement :-

- i) LM is advised to add relevant disclosures comparing Pre-IPO placement price and IPO price, variation between two, details of investors to whom shares have been allotted in Pre-IPO placement, information about selling of shares by selling shareholders through secondary sale at a price lower than IPO price, if applicable, etc. in Summary of the offer document, Risk Factors, Capital Structure and other relevant sections of the offer document. In case, if company does not undertake Pre-IPO placement, the same should be disclosed in the offer document including the fact that it made a provision of Pre-IPO placement at the time of filing of Offer Document.
- ii) LM is advised to ensure that the utilization of Pre-IPO proceeds being discretionary in nature, if raised, shall be completely attributed/adjusted towards GCP portion; unless auditor certified disclosures are made with regards to its utilization towards the disclosed specific objects of the issue.
- iii) LM is advised to confirm that the issuer/LM has appropriately written / intimated in letter to the prospective investor (Pre-IPO 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 DRHP as well, in all places where Pre-IPO Placement is mentioned.
- iv) LM is advised to prominently disclose the price and the name of the shareholder on the day of the allotment in case if any Pre-IPO placement is done, through public advertisement.

11. LM is advised to update the UDRHP, in case any action against Issuer Company, any of the Promoters and Directors, Promoter Group of the Issuer Company, in the past has been initiated or concluded by SEBI.

12. LM is advised to disclose financial figures for last 3 financial years and stub period, if any. Further, LM is advised to ensure that all financial KPIs and operational KPIs being disclosed in the offer document are certified as per SEBI (ICDR) (Fourth Amendment) Regulations, 2022.

13. LM is advised to disclose the below in the Price Band Advertisement: -

- i) Market Cap to Revenue (on Cap and Floor Prices)
- ii) Market Cap to Tangible Assets (on Cap and Floor Prices)
- iii) EV/EBITDA (on Cap and Floor Price)

And compare the same with peers and industry in which company operates. In addition to this, a separate risk factor should also be inserted as Top 10 Risk Factor under “Internal Risk Factors” Category mentioning the above parameters along with comparison with peers and industry in which company operates.

14. LM shall also ensure that all the complaints received so far, if any and forwarded by SEBI for its comments be made part of the material documents for inspection.
15. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in the RHP.
16. During the interim period of issuance of observation and listing, for all the complaints received by LM/Company and complaints forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures, if required, disclosures 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. Further, LM is advised to incorporate a prominent Risk Factor, if required, for such complaints received.
17. 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 Red Hearing Prospectus along with appropriate risk factors in this regard.
18. LM is advised to update the RHP in respect to all pending litigations including for any legal notices where the Company is in receipt of such notices post filing of DRHP.
19. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
20. **Summary of the offer document:** LM is advised to clearly disclose that the issuer is supplier of the RACs, small kitchen appliances, etc. Further, under summary of the Industry, LM is advised to disclose that the industry in which issuer operates in a sub-set of CDM and ensure that explanation is specific. (Page 26)
21. Page 31: LM is advised to disclose financing arrangement for last 3 years. Further, LM is advised to include number of shares in Table I of the page.
22. **Risk Factors:**
- i) LM is advised to ensure that Top 5 risk factors should be made part of Price Advertisement and should also form part of Abridged Prospectus.
 - ii) Risk Factor 1: LM is advised to redraft the heading stating that revenue is highly concentrated with few/five customers. LM is also advised to provide names of 5 customers.
 - iii) Risk Factor 2: LM is advised to disclose loss of key customers in last 3 years.
 - iv) Risk Factor 3: LM is advised to include in the heading that the issuer has only 2 manufacturing facilities as on date.
 - v) Risk factor 5: LM is advised to disclose sale of RAC as a percentage of total revenue.
 - vi) Risk factor 6: LM is advised to disclose actuals and in % terms from top 5 customers.
 - vii) Risk Factor 7: LM is advised to disclose PAT margin/ EBITDA margin.

- viii) Risk factor 8: LM is advised to disclose number of suppliers, issuer is dependent upon and top 10 suppliers' concentration.
- ix) Risk Factor 9: LM is advised to shift this to top 20 risk factors. LM is advised to disclose amount of tax incentives.
- x) Risk Factor 11: LM is advised to disclose specific regulations applicable to the Company.
- xi) Risk Factor 14: LM is advised to disclose total number of employees as well.
- xii) Risk Factor 17: LM is advised to explain in footnote about 'profit/(loss) on foreign exchange fluctuation.
- xiii) Risk Factor 19: LM is advised to make it as top 10 risk factors.
- xiv) Risk Factor 21: LM is advised to place this as and under top 15 risk factors.
- xv) Risk factor 22: LM is advised to make it as top 15 risk factors. Further, LM is advised to disclose whether premises are leased from promoter/promoter group/director/KMP of the Company/ associate/subsidiary or any of their relatives, etc.
- xvi) Risk Factor 24: LM is advised to explain why only one facility is mentioned. LM is advised to disclose capex incurred till date for the facility.
- xvii) Risk Factor 25: LM is advised to place this as and under top 10 risk factors. Lm is advised to explain and disclose buyback rights transaction in details.
- xviii) Risk Factor 26: LM is advised to disclose about additional liabilities on account of emphasis of matters. LM is advised to disclose separate risk factor on internal audit plan.
- xix) Risk Factor 27: LM is advised to place as and under top 15 risk factors. Further, LM is advised provide reasons for excluding long term maturities, else to be disclosed. LM is advised to disclose principal and interest outstanding separately as on March 31.
- xx) Risk Factor 28: LM is advised to make it as top 15 risk factors.
- xxi) Risk Factor 31: LM is advised to make it as top 15 risk factors. LM is advised to reword the statement 'Further, any variation..... shareholder's approval'.
- xxii) Risk Factor 36: LM is advised make it as top 15 risk factors.
- xxiii) Risk Factor 40: LM is advised to state that no material facts to enable an informed decision, have been left out.
- xxiv) Risk Factor 42: LM is advised to make it as top 20 risk factors. LM is advised to assess merging of this with Risk Factor 31 or put it sequentially.
- xxv) Risk Factor 49: LM is advised to mention clearly that the CCPS may be converted at a lower price than the offer price.
- xxvi) Risk Factor 70: LM is advised to delete reference to BRLM. LM is advised not to include such risk factor in future.
- xxvii) Page 205: LM is advised to include separate risk factor in top 20 regarding agreement with East India Technologies Pvt Ltd with respect to restriction on specified products, suppliers, customers etc. and result of any breach by either party.

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23. **Capital Structure:** LM is advised to give details of share purchase agreements in brief.

24. Page 96: LM is advised to include a footnote stating that 26,318,375 are CCPS converted shares.

25. Page 97: LM is advised to confirm that the table given at 9(a) will undergo a change as per table 1 on page 90 at the time of RHP.
26. **Objects of the Offer:** LM is advised to mention who has prepared the Project Report. LM is advised to disclose P&M details and other cost elements of project cost.
27. LM is advised to disclose a table showing all the capex and to depict the total capex cost, deployment, etc.
28. Page 105: LM is advised to disclose that all approvals for import are in place.
29. Page 107: LM is advised to disclose date of validity in the table. LM is advised to reassess inclusion of cost per unit (in ₹ unless otherwise specified), cost per unit (in), and cost per unit (in ₹ million).
30. Page 112: Under schedule of deployment of funds, LM is advised to specify name of the project.
31. Page 112: LM is advised to include the following table w.r.t. Bhiwandi Manufacturing facility:

Particulars	Bhiwandi manufacturing facility	
	New	Existing
Manufacturing facility		
Project cost to be incurred *		
Completion schedule		
Out of issue proceeds earmarked		

**If no cost is to be incurred for existing project, please mention so clearly.*

32. Page 113: LM is advised that reference should be made to the table representing complete details of loans given/taken.
33. The reference to the selling shareholders for determination of the price band, price cannot be allowed. BRLM to ensure that selling shareholders are not part of the same. LM is advised to ensure for all future issues as well.
34. LM is advised that high entry barriers is not justified and shall be deleted.
35. Company does not undertake logistics and after sales service. LM is advised to disclose this as risk factor.
36. Page 150: LM is advised to disclose backward integration as risk factor.
37. LM is advised to disclose additional risk factor on competition from branded and low cost coolers and from unorganized sector.
38. Page 169: LM is advised to disclose top 5 customers.
39. Page 170: On account of long standing relationship, LM is advised to ensure ageing of such relationship to be detailed and disclosed.

40. Page 170: LM is advised to delete 'among the largest.... With high entry barriers'.
41. Page 175: LM is advised to disclose total product mix in actual and % for last 3 years and stub period. LM is also advised to disclose top 5 customers of kitchen appliances. LM is advised to disclose detailed history and background to show how company is taking credit since 2012.
42. LM is advised to include separate risk factor on kitchen appliances including competition from national and regional brands and from unorganized players. How the Company product is better than other players' product? LM is advised to disclose separate risk factor for the same.
43. Page 183: LM is advised to disclose the unsold stock for each year and if substantial, the same may be disclosed as a risk factor.
44. Page 199: With regard to investment in epavo, whether the same is disclosed and in public domain? Date of disclosure shall be provided. Further, LM is advised to disclose the complete terms of deed of adherence.
45. Page 221: LM is advised to disclose names of nominee directors on behalf of whom.
46. LM is advised to confirm deletion of all special rights of any nature and exclusion from RHP including deletion from AoA. Further, no mention of the special rights shall be communicated to shareholders in any manner.
47. Page 348: Except as disclosed in this section – this to be broad based and include all regulatory agencies.
48. **Basis for the offer price:** In 'Comparison of KPIs of our Company and listed peers', LM is advised to include financial details of the issuer Company.
49. **Group Companies:** LM is advised to disclose brief financial highlights and area of activities of the group companies.
50. Page 170: LM is advised to disclose average number of years the customers (companies) have been associated with the Company.
51. It is noted that revenue contribution of RAC and SDA to total revenue has not been disclosed. LM is advised to disclose related risk factor regarding revenue concentration of product.
52. Page 199: LM is advised to disclose acquisition cost, number of shares issued and cash paid.
53. LM is advised to include Project Report as part of material document for inspection.
54. Under section "Monitoring of Utilization of funds", LM is also advised to make suitable disclosure on following points:
- i) The proceeds of the issue shall also be monitored by the Audit Committee till utilization of the proceeds.
 - ii) Issuer Company shall provide details / information / certifications obtained from statutory auditors on the utilization of the Net Proceeds to the Monitoring Agency.

- iii) Issuer Company shall for the purpose of quarterly report by Monitoring Agency, provide item by item description for all the expense heads under each object of the issue.
- iv) Issuer Company shall in its quarterly Notes to Accounts of its Financial Statements include the employment of issue proceeds under various expense heads.
- v) For any investments in acquisitions or strategic partnership or any inorganic growth initiative, post IPO from the IPO proceeds, detailed disclosures of same shall be made in public domain at that time.
55. LM is advised to ensure the utilization and monitoring of the issue proceeds to be precise and any changes shall be in terms of law and as per the revised framework.
56. LM is advised to ensure that the usage of funds is as disclosed in the Objects of the Issue and any spill over from the intended Objects of the issue to the GCP is not carried out by the issuer.
57. LM is advised to prominently disclose on top of the page that the deployment of funds have not been appraised by any bank, or financial institution.
58. LM is advised to comply with SEBI circular SEBI/HO/CFD/SSEP/CIR/P/2022/14 dated February 04, 2022.
59. LM is advised to adhere to the following conditions:
- i) UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
- ii) UDRHP shall contain necessary updated disclosures justifying the offer price under Section - "Basis for offer price", "Risk Factors" etc., particularly emphasising on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration, Price to Earnings ratio and/or Market Cap to Total Revenue ratio etc.), with corresponding suitable explanations so as to justify the offer price".
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]%.”*

iii. *Details of issue price and allottees of the pre-ipo placement or any secondary transactions by the selling shareholders from the date of filing of DRHP till the date of issuance of Price Band Advertisement..*

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.

61. Financial Indebtedness :-

- LM is advised to disclose table for last 3 FYs and stub Period, if any. The table should contain Date of Sanctioning of the Loan, Opening Balance of Loan from a particular bank, Closing Balance of Loan from a Particular Bank, Any new loan sanctioned during the period and amount repaid during the period. (Type of Loan Wise)
- LM is advised to ensure that there are no other covenants as disclosed in the offer document.

62. LM is advised to include all Financial Metrics Numbers disclosed in DRHP as a separate portion under Sub-Section “Summary of Financial Information”. This section must include different segment of revenue including Revenue Classification based on products, Geography, etc.

63. LM is advised to disclose the information about adjudication proceeding initiated and settled against the entities related to the company.

64. LM is advised to ensure that the re-drafted versions of the risk factor section, submitted by LM vide email dated October 13, 2023, should form part of offer document.

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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 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.
7. 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 red herring prospectus 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.
8. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
9. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
10. 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.

11. 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.

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