

प्रबंधक

Manager

निर्गम एवं सूचीबद्धता प्रभाग-1 / Division of Issues and Listing-1

निगम वित्त विभाग / Corporation Finance Department

SEBI/HO/CFD/RAC-DIL1/P/OW/2025/13050/1

May 13, 2025

Motilal Oswal Investment Advisors Limited

MH-Mumbai-MOT, Motilal Oswal Tower ,
Gokhale Sayani Road ,Prabhadevi,
Mumbai :- 400 025 Maharashtra

Kind Attention: Mr. Subodh Mallya

महोदय / महोदया,
Dear Sir / Madam,

विषय / Sub: Proposed IPO of Gem Aromatics Limited

1. 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 रिकायरमेंट्स) 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.

2. 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.**

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

It is to be distinctly understood that submission of offer document to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer document. The LMs have certified that the disclosures made in the offer document are generally adequate and are in conformity with SEBI regulations for disclosures and investor protection in force for the time being. The LMs are advised to ensure the same with respect to SEBI (ICDR) Regulations, 2018. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

4. 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 रिकायरमेंट्स) रेग्यूलेशन्स, 2018 के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख December 28, 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 December 28, 2024, in accordance with SEBI (ICDR) Regulations, 2018.

5. 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.

6. 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.**

7. 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 रजिस्टार 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.

8. 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.

Place: Mumbai


Dhruva Jyoti Das

Annexure I

OBSERVATIONS

1. Please refer to our letters/emails January 27, 2025 and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. With regard to the above, LM is advised to ensure that the changes made pursuant to our clarifications are duly incorporated in the updated DRHP, RHP, and Abridged Prospectus.
3. 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:
 - a) The offer document shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company / Expert.
 - b) 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.
 - c) LM is further advised to include the industry report in the list of material documents for inspection and also provide a link in the offer document for online access of the industry report.
4. 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. (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.
5. 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.
6. 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.
7. 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.
8. LM is advised to ensure that accounting ratios disclosed in support of basis of the issue price are duly verified by LM and designated Chartered Accountants or firms. Further, KPIs disclosed in the offer document shall be certified by the statutory auditor(s) or Chartered Accountants or firm of Chartered Accountants and a certificate issued with respect to KPIs shall be included in the list of material documents for inspection.

9. The LM is to ensure that the entire DRHP language used is lucid, usage of abbreviations is limited, abbreviations to be used in the para, if already quoted in the same page /heading, any expressions, jargons or nomenclatures from other languages or not commonly used, are explained clearly at every place where they are used.
10. LM is advised to disclose the face value of the Issuer Company where the number of shares has been mentioned in the DRHP.
11. LM is advised to include a categorical statement that all the material agreements, arrangements and clauses/covenants have been disclosed in the DRHP and that there are no other agreements/clauses/covenants that are adverse / pre-judicial to the interest of the public shareholders other than disclosed in the DRHP.
12. The BRLM is to ensure that in this Document and in all future Documents, the selling shareholders shall not be involved in the pricing, allocation, and other activities in any manner and the same is to be disclosed in the document as a disclosure.
13. LM is advised to disclose all the certificates by the auditor under Material documents for inspection.
14. LM is advised to confirm and disclose that gross proceeds shall be monitored by the Monitoring Agency in compliance with Regulation 41 of SEBI (ICDR) Regulation. LM should ensure that the monitoring will be on gross proceeds instead of net proceeds.
15. LM is advised to ensure compliance with the advisory issued by SEBI to all Merchant Bankers and AIBI vide mail dated July 04, 2023 with respect to disclosure of information pertaining to Pre-IPO placement and secondary transactions in the Public Announcement, Price Band Advertisement and intimation to stock exchanges. LM is advised to disclose a statement to Pre-IPO investors and in DRHP cautioning them about risks associated in case company does not come out with IPO or listing does not happen after pre-IPO placement.
16. LM is advised to ensure that disclosure made with respect to Offer Price and Price Band are in compliance with Part VII of Chapter II of SEBI (ICDR) Regulations, 2018. LM is advised to refrain from making any disclosure in the offer document w.r.t. offer price which are not in line with SEBI (ICDR) Regulations, 2018. LM is advised to make necessary changes in the offer document wherever applicable.
17. LM is advised not to make any reference to selling shareholder for determination of price band, allocation. LM is advised to make necessary changes in offer documents wherever applicable.
18. LM is advised to confirm the points mentioned in the email dated May 29, 2024 addressed to LMs / AIBI on "additional disclosures and confirmations to be provided by LM at the time of filing of offer document with SEBI".

Summary of the Offer Document

19. Under the heading "*Summary of the primary business of our Company*", LM is advised to disclose the following:

- a) Percentage wise-revenue for each of major products manufactured by the company.
- b) Brief disclosures regarding business and revenue model of issuer company.
- c) Disclosures regarding the beneficiaries, trustees and settlers of Parekh Family Trust who is a promoter and holding 22.62 % in the issuer company. LM to confirm whether all the persons in control of the trusts and its operations are disclosed as promoters in terms of SEBI ICDR Regulations. LM is also advised to ensure and confirm that post listing any changes in ultimate controlling entities are disclosed to stock exchanges.
- d) In page 27-28, update the status and ensure compliance of undertaking as mentioned.

20. On page 21: LM is advised to provide justification that the company is an established manufacturer of specialty ingredients.

21. LM is advised to provide percentage of Related Party Transaction in the last three financial years in the table as disclosed at para 'Summary of Related Party Transaction'.

22. LM is advised to comply with the SEBI exemption letter dated July 29, 2024.

Risk Factors (RFs):

23. LM is advised to ensure that the disclosures of risk factors are based on the materiality, to be supported by quantifiable data to bring out the risk and to make a cross-reference the exact page no. of DRHP, wherein the details of information has been disclosed. LM is advised to confirm that all past instances having material impact on the company have been disclosed along with quantifiable data.

24. RF 3: LM is advised to disclose a state wise procurement if mint and clove and risk related to dependency of the same as a separate RF. LM to disclose the percentage of dependency in the heading of RF. LM is advised to disclose the percentage of derive revenue from the mint and mint derivatives product category for all three financial years and stub period in the heading of the RF.

25. RF 4: LM is advised to include the risk impact in the heading of RF.

26. RF 5: LM is advised to update the status in the Risk Factor as per the undertakings.

27. RF 8: LM is advised to disclose contribution figures (in amount and percentage terms) for top 5 and top 10 suppliers in the RF.

28. RF 10: LM is advised to disclose in the heading of the RF that significant raw materials are imported along with the amount and percentage of raw material imported in the previous years.

29. RF 11: LM is advised to disclose in the heading of the RF regarding no. of countries along with their percentage of contribution from where the company derive revenue.

30. RF 12: LM is advised to update the RF.

31. RF 15: LM is advised to mention that the issue proceeds from investors in this IPO are to be deployed to Subsidiary, Krystal Ingredients Private Limited which has been incurred losses in the past and has negative net worth in the heading of RF. LM to disclose it as top 10 RF.

32. RF 16: LM is advised to disclose the past actions, if any by regulatory / statutory bodies in the last 5 years.
33. RF 19 and 20: LM is advised to disclose past instances, if any.
34. RF 22 and 23: LM is advised to re-evaluate the content of the RF 22 and 23, and reconsider whether the tables disclosed in the RFs are required. LM should ensure that all reasons shall be incorporated in the RFs with respect to the heading of each RFs.
35. RF 24: LM is advised to explain to risk related to the substantial requirement of working capital in the future along with the reasons. LM is also advised to provide financial details separately for R&D Facility and manufacturing facilities in the 2nd table of the RF.
36. RF 30: LM is advised to provide details of bad debts in the last 5 years.
37. RF 31: LM is advised to move the RF to the top 20.
38. RF 33: LM is advised to disclose reasons for negative cash flow. LM is advised to move the RF to the top 15.
39. RF 34: LM is advised explain each particulars of contingent liabilities.
40. RF 36: LM is advised to provide attribution rate of KMPs of the company in the years.
41. RF 38: LM is advised to move the RF to the top 20.
42. RF 41: LM is advised to disclose the details of information given to ROC.
43. RF 46: LM is advised to provide complete details of RPT transaction of previous years.
44. RF 47: LM is advised to disclose promoters holding in percentage terms post listing of shares.
45. RF 53: LM is advised to provide past cases with respect to the risk factor if any.
46. RF 55: LM is advised to move the RF to the top 15.
47. LM is advised to include separate Risk Factor under appropriate heading disclosing the risk involved along with brief data, as applicable, in the heading on following points, if applicable:
- a) Risk related to availability of different kind of Ingredients to its various Value-Added Derivatives, which may have impact on the business of issuer company.
 - b) Risk related to competition from organized and unorganized players in the market along with data on market share of competitors.
 - c) Risk factors related to business and operations of Subsidiary, Krystal Ingredients Private Limited, where the issue proceeds are proposed to be utilized. Also disclose the credit

rating and financial ratios of the subsidiary and highlight the financial and liquidity risks involved in the subsidiary.

- d) Risk related to dōTERRA Enterprises, Sàrl having substantial related party transactions.
- e) Risk related to R&D spending along with the past data for last three years.
- f) Risk related to lack of agreement with farmers and any Commodity price risk/ dependency on monsoon.
- g) It is noted that profit as on September 2024 is 18.3 crores (6 months) LM to disclose the decreasing trend in profit compared to 50 cr in last FY 2024.
- h) Disclosures of the risks highlighted in rating agency reports as a separate RF under suitable heading.
- i) Disclosure regarding the all-risk aspects highlighted in Industry Report.
- j) Disclosures regarding risks related to geopolitical situations and effects on markets.

Capital Structure:

48. LM is advised to confirm with respect to non-traceable filings, whether all the requisite filings to RoC, have been done with RoC in time and whether the same have been filed in the immediate next year of the date when the requisite filings /challans were required to be filed. These to be shown in a tabular form for ease of understanding and disclosure.

Objects of The Offer:

49. It is noted that the Cash credit and working capital demand loan from Axis Bank is yet to be sanctioned. LM to clarify/update / remove the same.

Miscellaneous:

50. LM is advised to disclose any non-compliance by foreign promoters with respect to RBI, FEMA, or FDI norms, if any. Further, disclosed all the material information regarding approvals from other regulatory bodies of the Central Government.
51. LM is advised to confirm Regulation 8(A) of SEBI ICDR, 2018 with regard to the offer for sale by selling shareholders.
52. Page 113: LM is advised to include a certificate from the statutory auditor certifying the utilization of loans for the purpose availed as per SEBI ICDR guidelines.
53. LM is advised to explain "NA" in the footnote, wherever required.
54. LM is advised to disclose the appointment of monitoring agency along with the details prior to IPO.
55. LM is advised to provide Aggregate number of civil litigation both in numbers terms and in value terms in Outstanding Litigations and Material Developments.
56. Whenever there is a reference regarding something that is subject to approval from ROC/MCA or any other government agency, LM is advised to update the current status of such approvals.

57. LM is advised to disclose the names of directors/promoters whose names were struck off from ROC/MCA, if any.
58. LM is advised to ensure that Contingent Liability shall cover all the financial obligations of the outstanding litigations.
59. LM shall ensure that the main / sub-headings in the UDRHP / RHP do not have any abbreviations.
60. LM to confirm/disclose that all special rights will cease at the time of listing.
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 and other Offer related material along with the disclosures of the financial impact of the same, if any.
62. LM is advised to ensure the utilisation and monitoring of the issue proceed to be precise and any changes shall be in terms of law and as per the revised framework.
63. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in the RHP.
64. 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.
65. The data regarding 'Risk to Investors' 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.
66. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
67. 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.

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 Regulation 7.(1)(c) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Regulation 31.(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Issuer Company and the Lead Manger are advised to ensure compliance with the requirement pertaining to shareholding of promoter(s) and promoter group to be held in dematerialised form.
7. 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."
8. LM to include a categorical statement that they have gone through the Articles of Association (AoA) of the Issuer Company and confirm to SEBI that no special rights are available to the Promoters / Shareholders in the AoA, at the time of filing of the offer document.
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 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.

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**.*
