



सहायक महाप्रबंधक

Assistant General Manager

निगम वित्त विभाग / Corporation Finance Department

रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार / Registration, Approval And Correspondences

निर्गम एवं सूचीबद्धता प्रभाग / Division Of Issues And Listing - I

SEBI/HO/CFD/RAC/DIL-1/EB/SM/OW/2024/21235/1

June 29, 2024

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi, Mumbai - 400025
Maharashtra, India

Kind Attn: Shri Rupesh Khant

महोदय,
Dear Sir,

विषय / Sub: Akums Drugs and Pharmaceuticals Limited का प्रस्तावित आईपीओ / Proposed IPO of Akums Drugs and Pharmaceuticals Limited

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

With reference to the draft offer document in respect of captioned issue, clarifications sought by SEBI and the replies submitted therein, it is stated that on scrutiny of the same, deficiencies / instances of non-compliance of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as SEBI (ICDR) Regulations, 2018) and instructions have been observed, which are required to be rectified / complied with by you before filing the offer document with the Stock Exchange and/ or ROC. Observations on the captioned issue and other conditions to be complied with are indicated in Annexure 'I' and 'II'. It may be noted that the deficiencies / requirement of additional disclosures listed in the Annexure are merely illustrative and not exhaustive. It is your responsibility to ensure full and true disclosures.

SW

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 [पेंजी 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.

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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 (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 01, September, 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 February 10, 2024, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

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 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.

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.

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

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

स्थान / Place: मुंबई / Mumbai


(Sanjukta Mahala)

सहायक महाप्रबंधक
Assistant General Manager



Annexure I

OBSERVATIONS

1. Please refer to our letter dated March 05, 2024, your letter dated March 19, 2024 and all other correspondences exchanged. In this regard, LM is advised to ensure that the changes made pursuant to our initial as well as subsequent set of clarifications are duly incorporated in the updated DRHP and RHP.
2. Wherever the LM has undertaken to modify the risk factors in its replies, the same shall be duly modified and incorporated in the updated DRHP and RHP.
3. Wherever the LM has mentioned "Noted for compliance" or "Complied with and noted for compliance" in its replies, LM shall ensure that the same are duly complied with.
4. With respect to "Summary of the Offer Document" LM is advised to use simple conversational language and no abbreviations shall be used.
5. With respect to the section "Definitions and Abbreviations" for Technical, Company / Industry related Terms or Abbreviations, along with the expanded form, suitable meaning / explanation to be provided in simple language.
6. The LM to also ensure that the entire DRHP the 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.
7. LM is advised to disclose the face value of the Issuer Company where the number of shares has been mentioned in the DRHP.
8. LM is advised to ensure that the disclosure of risk factors are based on materiality also provide adequate and to make cross-reference the exact page no. of DRHP, wherein the details of information has been disclosed.
9. With respect industry reports commissioned by third party agency, LMs are advised that draft offer document and the offer document, shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company/ Expert. The Issuer Company / BRLMs shall ensure that the "Industry Overview" section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor any underlying assumptions have been omitted for investors to make an informed decision.
10. LM is advised to include industry report in the list of material documents for inspection and also provide a link in the offer document including other material documents mentioned in the offer documents, for online access.
11. LM is advised to incorporate all the certificate certified by the Chartered Accountants under section Material contracts and documents for inspection.
12. LM shall ensure that the offer documents of the company should provide - Price at which specified securities were 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. The 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.

Summary of the Offer Document

13. LM to disclose only the main operation and business of the company under the heading "Summary of the primary business of our Company".
14. Page 20 – Foote note "1" under para Offer Size - LM is advised to bring more clarity in the date of Board approval and shareholder approval w.r.t the fresh issue and offer for sale.
15. Page 21 – As regards the foot note "*" under (a) Promoter and Promoter Group - Subject to finalisation of Basis of Allotment, LM is advised to bring more clarity in the said foot note.
16. Page 22 - Summary of Restated Consolidated Financial Information – LM is advised to update the financial figures of the Issuer Company.
17. LM is advised to make a risk factor regarding the statutory regulatory proceedings against the subsidiaries.
18. Page 23 – Summary of Related Party Transactions - LM is advised to remove the nature of transactions on percentage (%) terms.
19. LM is advised to disclose the details of rent paid to promoter and promoter group entities in the risk factor.
20. LM is advised to disclose the details of trustee, beneficiary holders and settler of promoter Akums Master Trust.
21. LM is advised to disclose the percentage wise revenue for various business verticals etc.

Risk Factors

22. Risk Factors – Every Risk Factor shall be provided with a cross reference to the detailed description of the facts/reasons in the updated DRHP / RHP, wherever applicable.
23. RF 1 – It has been disclosed that "Himalayan terrains of Uttarakhand are prone to natural disasters including landslides, cloud bursts, earthquakes and floods. While we have not faced any significant impact of such natural disasters" In this regard, LM is advised to disclose the impact of such natural disasters on the Issuer Company so far, if any. Also, disclose the revenue and PAT of the Company in the risk factor. Also, disclose the insurance details regarding the manufacturing units.
24. RF 2 – LM is advised to disclose the details of insurance for the disruption of the R&D centres for the last three years and the stub period. Also, disclose the past incidents of major malfunction or breakdown, lack of approvals to manufacture, etc
25. RF 3 – In the said risk factor, LM is advised to incorporate that in past, products were returned due to quality issues, manufacturing defects or negligence in storage and handling of products manufactured by us.

26. RF 5 – LM is advised to disclose the number of third-party transportation providers for the delivery of raw materials and logistics services for the last three years and the stub period.
27. RF 6 – LM is advised to disclose the number of new products for the last three years.
28. RF 8 - LM is advised to disclose the risk due to attrition of employees and quality of trained employees.
29. RF 10 – LM is advised to refer the correct page no. of DRHP as regards the Outstanding litigations and material developments.
30. RF 10- LM has stated that “informed the ED that that neither him nor the Company or its associates have had any dealings and/or business transactions with Arshad Yusuf Wahedana, his family members or any entities owned by him ...” LM to verify and confirm the aforesaid statement made in DRHP and place the documents in this regard as material document for inspection. LM to update the status of proceedings and disclose the maximum actions, if any possible against the issuer and its impact on the business of issuer.
31. RF 11 – LM is advised to modify the risk factor suitably incorporating that though the issuer company procures raw materials from domestically or else the Table in the said risk factor shall disclose only about import of raw materials as the risk factor speaks about import of raw materials from overseas.
32. RF 24, 25, 27, 34 – LM is advised to move the said risk factors to Top 15.
33. RF 26 – LM is advised to move the said risk factors to Top 10.
34. RF 30 – LM to disclose the updated status of income tax proceedings and its impact on the business of issuer company.
35. RF 37–LM is advised to provide an undertaking from the Company/promoter/director confirming that for the non-traceable records the requisite filing has been made with the RoC in the relevant year. Further, for the said non-traceable corporate records BRLM to confirm that whether these records have been updated in the filings made by the Company in the subsequent years, if so, the details to be provided.
36. RF 38 – LM is advised to disclose the details of transfer of shares from the original allottees to the promoters, exit offer etc. in the risk factor.
37. RF 40 – LM is advised to disclose more details about the promoters of the Company regarding educational qualification and work experience.
38. Page 84 – LM is advised to disclose the details of transfer of shares to D.C. Jain. the settlor of the Promoter Trust in the DRHP and to the stock exchanges.
39. LM is advised to make a separate risk factor to the following:
 - the fund requirements, the deployment of funds and the intended use of the issue proceeds are based on current business plan, management estimates, market conditions and other external commercial and technical factors including interest rates, exchange rate fluctuations and other charges and such fund requirements and deployment of funds have not been appraised by any bank, or financial institution.

- third-party transportation providers for the delivery of raw materials and logistics services, and do not have long-term contractual arrangements with such providers.
- Pricing pressure reducing margins
- Heterogenous regulatory compliance requirements for varied international markets
- Navigating the ever-evolving Indian market
- Focus on asset-light model
- Need for portfolio expansion
- Focus on quality
- Page 163 – LM is advised to make the critical success factors in Indian CDMOs as separate risk factors suitably.
- Environmental hazard including expenditure for environmental protection, initiatives to protect environment, compensation paid for the last three years etc
- Risk due to regulatory policy changes, interventions and restrictions such as the expanded National List of Essential Medicines (NLEM) and ban on fixed dose combinations, which could continue to have a negative earning on the growth prospects of the industry.
- Risk due to pricing restrictions by NPPA and reducing margins with regard to the same. In this regard LM to disclose the list of actions taken by pharma regulators / statutory bodies in a tabular format along with the details of actions against issuer company and its subsidiaries. Also, disclose the impact of such actions on the business of issuer company in the heading of the Risk Factor. LM to disclose actions taken by periodic inspections and audits by regulatory authorities and clients in last five years along with major adverse findings. LM to disclose the credit rating of debts of issuer / any rating withdrawals etc.
- risk due to competition from major players in the Pharma segment of business.
- risk due to inferior quality from contract manufacturers which the issuer is dependent upon. LM to disclose the past incidents of quality issues from the contract manufacturers.
- the details of loans availed by the companies for acquisition of various companies and along with the revenue from those companies. LM to disclose Total Debt/ EBITDA, debt equity ratio, EBITDA margin for the issuer and its peers for the last three years. LM to disclose the reasons for reducing net worth and profits FY 2022 and FY 2023
- It is noted that some portion of issue proceeds to be utilised towards inorganic acquisition. LM to disclose the acquisition of companies undertaken by the company in the last 5 years, investment made, revenue generated from those companies and risk involved in such acquisition.
- country specific risks and lower geographical diversity
- risk due to exports to semi regulated markets along with percentage exports to those markets.
- risk due to import of raw material and its quality from international third-party suppliers for the supply of raw materials along with total percentage of imports country wise.
- LM to independently examine the industry report and include all the risk aspects highlighted in the report as risk factors under suitable heading.
- LM to disclose the IPR / Patent related details, litigations and possible risk emanating from the same

- LM to disclose the spending in research and development and risk and the risk due to failure / delay in development of products, average time taken in the past to obtain patents of new products etc.
- LM to disclose the lowering /fluctuating EBIDTA margins, PAT margins, ROE, ROCE in the risk factor.
- LM to disclose as to nature of ownership of manufacturing units – owned or leased and details of terms of lease /payments etc. and impact of the same in the issuer company in the Risk factor.
- In page 187, it is noted that the current capacity of manufacturing units are not fully utilised. LM to verify and confirm/disclose in detail and requirement of funds for working capital given the lesser capacity utilisation, impact on non-utilisation of funds raised on the proposed investors as separate risk factor under suitable heading.
- the complaint from Vineet Gupta regarding the CIRP of parabolic Drugs Limited.

Capital Structure

40. LM is advised to disclose the number of allottees in a separate column suitably under share capital history of the Company.
41. Akums Master Trust – LM is advised to disclose the details regarding the Trust such as trustees, beneficiaries, holdings etc.
42. Build-up of equity shareholding of promoters – LM is advised to disclose the cumulative shareholding of the promoters in the table.
43. As regards the transfer of shares to Ruby QC from Sanjeev Jain on November 13, 2019, LM is advised to disclose at what price the said shares has been transferred from the promoters.
44. As regards the preferential allotments to 75 persons including promoters, promoter group, erstwhile promoters and public in December 13, 2004 and March 31, 2005, LM is advised to disclose all the relevant details such as allotment, transfer, exit option etc. for the said preferential issues in the DRHP suitably as prescribed under SEBI Circular dated December 31, 2015. Also, LM is advised to incorporate the letter of LM confirming the compliance of Companies Act and SEBI Circular for the said details in the list of material document for inspection.

Objects of the issue:

45. 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 company.
46. Page 89 – Object of the offer regarding prepayment or repayment of borrowing, LM is advised to disclose the following:
47. Segregation of amount to be used for issuer company and the subsidiaries
48. How the subsidiaries to be paid from the net proceeds
49. Clear disclosure regarding use of net proceeds for subsidiaries i.e. investment in subsidiary through equity or debt
50. Page 98 - LM is advised to disclose the total outstanding amount of the Issuer Company.

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51. As regards the purpose of the loan availed by the issuer company, LM is advised to disclose the separately of the purposes of working capital and capex purpose.
52. Page 101 – LM is advised to disclose the amount of proceeds to be earmarked for acquisition of companies by the Issuer Company.
53. Page 103 – LM is advised to disclose that the GCP shall not be used for the objects of the proposed issue that the issuer Company is going to utilize from the net proceeds. Also, clearly specify the uses of the GCP proceeds in the proposed IPO.
54. Page 103 - Offer expenses – As regard the offer expenses, LM is advised to disclose the statement that the offer related expenses shall be paid by the selling shareholders irrespective of proposed IPO to be successful or not and listing taking place or not.
55. Page 105 – As regards monitoring of utilisation of funds LM is advised to comply with Regulation 41 of ICDR Regulations, 2018.
56. Page 113 – LM is advised to define WACA.
57. LM is advised to disclose the brief financial summary of subsidiaries in which the issue proceeds are proposed to deployed. LM to also disclose a risk factor under suitable heading clearly indicating the same as applicable.
58. LM to disclose the impact of the prepayment penalty amount on repayment proposed to be deployed through issue proceeds as risk factor.
59. LM to confirm and undertake regarding the compliance of provisions of regulation 16 and regulation 8 of SEBI ICDR regulations.
60. LM to explain or remove as why the cash and cash equivalent is used in estimation of working capital.

Basis for Offer Price

61. LM is advised to disclose the source as regards largest India focused CDMO serving the Indian domestic pharmaceutical Industry
62. Page 111-112 – As regards the KPI of the listed peers, LM is advised disclose the reasons for not available of segment result before depreciation
63. Page 108 – LM is advised to disclose the undertaking by Audit Committee in terms of provision of disclosures regarding KPI.

Industry Overview:

64. Industry Overview – Regarding the F&S report, LM is advised to disclose that no material information has been discarded left out by the F&S and the said report is excerpt or full report.
65. Industry Overview – Regarding the F&S report, LM is advised to disclose that no material information has been discarded left out by the F&S and the said report is excerpt or full report.

Our Business

66. LM is advised to remove the futuristic statements/ proposed plans (not substantiated by facts) wherever disclosed in the DRHP.
67. Page 172, 175 – LM is advised to disclose the revenue both in absolute and percentage terms.



68. Page 176 – LM is advised to disclose the expenditure on R&D for the past three years.
69. Page 183 – LM is advised to disclose the ownership of units i.e. owned/leased and whether any conflict of interest with the promoters, directors, KMP of the company, in any manner.
70. Page 188 – LM is advised to disclose supplier concentrations, contracts, cost of raw material both in absolute and percentage terms, domestic/overseas etc.
71. Page 190 – LM is advised to disclose the following:
- As regards, quality control LM is advised to disclose the year-wise inspection for the last three years and the stub period
 - As regards, ESG, LM is advised to disclose the year-wise expenditure for the last three years.
72. Page 193 – As regard the employees of the Issuer company, LM is advised to disclose whether the statutory dues to the Government and provident fund for all full time employees have been paid for the last three years. LM shall disclose total PF being paid for number of employees and whether the same is paid as per statutory law/obligation and the amount paid. Such details and bifurcation shall be disclosed for various dues such as PF, ESIC, GST, TDS, other statutory contributions etc shall be given in the document and whether the obligation have been duly discharged in terms of the applicable laws.
73. Page 237 - Beneficiaries of the Promoter Trust – LM is advised to disclose the individual beneficiaries of the trust.
74. Page 237 – LM is advised to disclose the details regarding AUSL Trust.
75. Page 241 – Top five Group Companies – It has been disclosed that “ It is clarified that such details available in relation on the website of the Company do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information would be doing so at their own risk. The link above has been provided solely to comply with the requirements of the SEBI ICDR Regulations”. LM is advised to modify the disclosure suitably by deleting the statement regarding placing reliance on any other source of information would be doing so at their own risk.

Outstanding Litigation

76. LM is advised to update the status of the all litigations as disclosed in the DRHP.
77. LM is advised to make separate risk factors suitably for the matters having sub-standard quality, maximum retail price, higher price, ceiling price, prior price approval etc.
78. Litigation involving subsidiaries –
- LM is advised to make separate risk factor for the points 8, 12, 13.
 - LM is advised to bring clarity on the statement like “...no longer available in the market.” As well as make an appropriate RF on the same.

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Government and other approvals

79. LM is advised to disclose the date of the documents/agreements/approvals and categorically disclose whether the document is valid as in the date of filing of DRHP.
80. Page 434 – Regarding Articles of Association, LM is advised to be guided by the principle that all special rights under any shareholder or other agreement or Articles shall stand terminated in accordance with the provisions and can be instated only on the basis of shareholder approval through special resolution. LM is advised to provide confirmation that Part B shall be terminated at the time of UDRHP. Also, BRML is advised to confirm that the AoA does not have any rights in any manner.
81. As regards the actions taken by regulatory and statutory authorities against the Company, promoters, subsidiaries etc., LM is advised to bring more clarity for the actions initiated and the updated status of such actions.
82. LM is advised to disclose key audited financials of the subsidiaries for the past three years.
83. Related Party Transactions – LM is advised to ensure that the names of the related parties have been disclosed, for each transactions and for outstanding balances.
84. LM is advised to ensure that all the complaints received by LM/Company or forwarded by SEBI be made part of the material documents for inspection.
85. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in RHP.
86. 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 RHP and other 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.
87. LM is advised to update the financial information of the stub period in suitable places in the DRHP.
88. LM is advised to update the details of borrowing in suitable places in the DRHP.
89. Under section Basis of Offer Price, LM is advised to disclose that the certificate issued with respect to KPIs shall be included in the list of material documents for inspection.
90. LM is advised to confirm that all transactions in Equity Shares by the Promoters shall be reported to the Stock Exchanges within 24 hours of such transactions. Also, the details of such transactions shall also be included in the Price Band advertisement.
91. Our Management – LM is advised to disclose the details of nominees of the shareholders, if any. Also, provide a confirmation that the independent directors of the Issuer Company are not related or associated in any manner directly or indirectly with the promoters/promoter group/directors/KMP or their relatives of the issues, subsidiary, group, associate etc.
92. LM is advised to confirm that all special rights to be terminated before filing the UDRHP for the proposed IPO of the Issuer Company.



93. LM to include a categorical statement that it has gone through the Articles of Association (AoA) of the Issuer Company and confirm to SEBI that no special rights are available to the Promoters / Shareholders in the AoA, at the time of filing of the offer document.
94. LMs shall confirm to SEBI that as on the date of the offer document, the clauses / covenants of AoA of the Issuer Company are in compliance with the Companies Act and the Securities Laws, as applicable.
95. Regarding Articles of Association, LM is advised to be guided by the principle that all special rights under any shareholder or other agreement or Articles shall stand terminated in accordance with the provisions and can be instated only on the basis of shareholder approval through special resolution.
96. LM is advised to adhere to the following conditions:
- UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
 - 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, P/E ratio in case DRHP is filed under Regulation 6 (1) of the ICDR Regulations (and /or) Market Cap / Total Revenue ratio in case DRHP is filed under Regulation 6 (2) of the ICDR Regulations), with corresponding suitable explanations so as to justify the offer price”.
97. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
98. LM is advised to ensure compliance with all the directions given to Association of Investment Bankers of India (AIBI).

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GENERAL OBSERVATIONS

Annexure II

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 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.
5. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
6. In terms of SEBI Circulars No. SEBI/CIR/ISD/03/2011, No. SEBI/CIR/ISD/05/2011 and SEBI/CIR/ISD/01/2012 dated June 17, 2011, September 30, 2011 and March 30, 2012 respectively, LM is advised to ensure that 100% promoter holding is in demat form prior to listing.
7. LM is advised to ensure that 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 is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
9. 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.
10. **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 centres 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)

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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



UNIFIED PAYMENTS INTERFACE

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:

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"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**.*

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