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December 15, 2023

सेबी/सीएफडी/RAC-डीआईएल1/P/OW/2023/50740/1
SEBI/HO/CFD/RAC-DIL1/P/OW/2023/50740/1

ICICI Securities Limited

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

Kind Attention: Mr. Prem D' Cunha / Mr. Shekhar Asnani

महोदय,
Dear Sir,

विषय /Sub: Popular Vehicles and Services Limited का प्रस्तावित आईपीओ
/Proposed IPO of Popular Vehicles and Services 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 जांच 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.

1. बुक रनिंग लीड मैनेजर होने के नाते, आप यह सुनिश्चित करेंगे कि स्टॉक एक्सचेंज / कंपनी रजिस्ट्रार के पास प्रस्ताव दस्तावेज दाखिल करने से पहले संलग्नक में दी हुई टिप्पणियों / शर्तों आदि के अनुसार प्रस्ताव दस्तावेज में बदलाव कर लिए जाएं। कंपनी रजिस्ट्रार / स्टॉक एक्सचेंज के पास अंतिम प्रस्ताव दस्तावेज दाखिल करने से पहले आपको हमें एक पत्र भेजकर इस बात की पुष्टि करनी होगी कि अपेक्षानुसार बदलाव कर लिए गए हैं और साथ ही यह भी बताना होगा कि प्रत्येक टिप्पणी / शर्त आदि के अनुसार बदलाव कैसे किए गए हैं। **इसके अलावा और कोई भी बदलाव सेबी से लिखित सहमति लिए बिना नहीं किए जाएंगे।**

As Book Running Lead Manager (LM), you shall ensure that all changes are effected based on the observations/ conditions contained in the Annexure before you file the offer document with the stock Exchange/ ROC. A letter confirming these changes and explaining, in seriatim, the manner in which each observation / condition has been dealt with along with your comments should be submitted to us, before filing the final offer document with ROC / Stock Exchange. **NO FURTHER CHANGES SHOULD BE EFFECTED WITHOUT SPECIFIC WRITTEN CONSENT OF SEBI.**

2. यह स्पष्ट किया जाता है कि भारतीय प्रतिभूति और विनियम बोर्ड (सेबी) के पास प्रस्ताव दस्तावेज (ऑफर डॉक्यूमेंट) दाखिल करने का अर्थ किसी भी तरह से यह न लगाया जाए कि सेबी द्वारा इसे मंजूरी प्रदान कर दी गई है। सेबी न तो इस बात की कोई जिम्मेदारी लेता है कि जिस स्कीम या परियोजना (प्रोजेक्ट) के लिए निर्गम (इश्यू) लाए जाने का प्रस्ताव है उसकी वित्तीय स्थिति अच्छी है और न ही इस बात की जिम्मेदारी लेता है कि प्रस्ताव दस्तावेज में दी गई जानकारी या व्यक्त की गई राय सही है। अग्रणी प्रबंधकों (लीड मैनेजर्स) ने यह प्रमाणित किया है कि प्रस्ताव दस्तावेज में जो प्रकटीकरण (डिस्क्लोज़र) किए गए हैं वे मोटे तौर पर पर्याप्त हैं और जो प्रकटीकरणों (डिस्क्लोज़र) तथा निवेशक संरक्षण के संबंध में उस समय लागू सेबी के विनियमों के प्रावधानों के अनुसार किए गए हैं। अग्रणी प्रबंधक यह भी सुनिश्चित करेंगे कि ऐसा भारतीय प्रतिभूति और विनियम बोर्ड [पैजि 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 बैंकर्स) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख September 29, 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 September 29, 2023, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

4. हालाँकि, कंपनी प्रस्ताव दस्तावेज दाखिल कर देने से ही कंपनी अधिनियम, 2013 की धारा 34 के तहत दी गई किसी भी बाध्यता से मुक्त नहीं हो जाती या वह कानूनी प्रावधानों के अनुसार ली जाने वाली मंजूरी या ऐसी कोई अन्य मंजूरी लेने से मुक्त नहीं हो जाती, जो प्रस्तावित निर्गम के संबंध में लेनी जरूरी हो। हालाँकि, सेबी प्रस्ताव दस्तावेज में कोई अनियमितता या कमी पाए जाने पर कभी भी अग्रणी प्रबंधकों के खिलाफ कार्रवाई कर सकता है।

The filing of offer document does not, however, absolve the company from any liabilities under Section 34 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the LMs any irregularities or lapses in offer document.

5. किसी भी प्रचार सामग्री या विज्ञापन में ऐसा कुछ भी उल्लेख नहीं किया जाएगा, जो प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट) में दी गई जानकारी से भिन्न हो। **इस संबंध में आपका ध्यान विशेष रूप से कंपनी अधिनियम, 2013 की धारा 36 के प्रावधानों की ओर आकर्षित किया जाता है।**

Any publicity materials / advertisements should not contain matters extraneous to the information contained in the draft offer document. **Attention is specifically drawn to the provisions of Section 36 of the Companies Act, 2013.**

6. अग्रणी प्रबंधक यह सुनिश्चित करें कि भारतीय प्रतिभूति और विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 के विनियम 25(1) और अनुसूची-III के अनुसार उपरोक्त निर्गम (इश्यू) के संबंध में फाइलिंग फीस की गणना किस प्रकार की गई है उसका एक विस्तृत विवरण, यथास्थिति, कंपनी रजिस्ट्रार के यहाँ प्रॉस्पेक्टस दाखिल किए जाने के सात दिनों के भीतर / स्टॉक एक्सचेंज के पास प्रस्ताव-पत्र (लेटर ऑफ ऑफर) दाखिल किए जाने के सात दिनों के भीतर, सेबी के पास प्रस्तुत कर दिया जाए और साथ ही अब तक अदा की गई फाइलिंग फीस का ब्यौरा भी दिया जाए।

The LMs are advised to ensure that a detailed calculation of filing fees in relation to the captioned issue in terms of regulation 25(1) and Schedule III of the SEBI (ICDR) Regulations, 2018 is submitted to SEBI within seven days of filing the Prospectus with ROC/ within seven days of filing the Letter of Offer with the stock exchange, as the case may be, along with details of filing fees paid till date.

आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से कम हो, तो ऐसे में अग्रणी प्रबंधक यह सुनिश्चित करेंगे और इस बात की पुष्टि करेंगे कि सेबी को शेषफीस अदा किए जाने के संबंध में इन विनियमों की अनुसूची-III के प्रावधानों का पालन किया गया है।



If filing fees paid by you is less than the actual fees required to be paid, the LMs are advised to ensure and confirm compliance with the provisions of Schedule III of the said Regulations in regard to payment of the balance fees to SEBI.

आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से अधिक हो, तो ऐसे में आप सेबी को सूचित करेंगे कि कितनी फीस लौटाई जानी है, साथ ही आप यह भी बताएंगे कि आपने लौटाई जाने वाली फीस की रकम की गणना कैसे की है और सेबी को किसके नाम पर चेक जारी करना होगा।

If filing fees paid by you are more than the actual fees required to be paid, you are advised to inform SEBI about the amount to be refunded, along with detailed calculation of amount refundable and name of the person in whose favour the cheque may be issued by SEBI.

7. प्रस्तावित निर्गम (इश्यू) इस अभिमत पत्र के जारी होने की तारीख से 12 महीनों के भीतर पैसा लगाने (अभिदान करने / सब्सक्रिप्शन) के लिए खोला जा सकता है।
The proposed issue can open for subscription within a period of 12 months from the date of issuance of this observation letter.
8. आपसे अनुरोध है कि इस पत्र की प्राप्ति के उत्तर अपना भीतर के दिवस 15 प्रस्तुत करें।
You are requested to submit your response within 15 days of the receipt of this letter.

स्थान /Place: मुंबई /Mumbai

Poonam
सहायक प्रबंधक
Assistant Manager

Annexure I

OBSERVATIONS

1. Please refer to our letter dated October 20, 2023, and your reply vide letter dated October 30, 2023, and November 24, 2023 and all other correspondences exchanged. In the above regard, LM is advised to ensure that the changes made pursuant to our initial clarifications and all correspondences exchanged are duly incorporated in the updated DRHP/ RHP/ Prospectus.
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/ RHP/ Prospectus.
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. These observations refer to a specific chapter or point, however the LM shall ensure to disclose the same across all pages / chapters, where the same / similar matter is disclosed in the DRHP.
5. LM is advised to ensure that in the entire document 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.
6. LM is advised to ensure that the following details are provided in the UDRHP/RHP - Price at which specified security (including preference shares) was acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right to nominate directors or any other rights. Following details may be disclosed for such transactions in tabular format – name of acquirer, date of acquisition, number of shares acquired and acquisition price per share.
7. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.
8. **Summary of the Offer Document-** Simple conversational language to be used. No abbreviations shall be used.
9. **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.
10. 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.

11. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.
12. LM is advised to disclose absolute values along with percentage details in all the risk factors (Risk Factor 2, Risk Factor 3, Risk Factor 7) and all other places.
13. Clause 24 (3) of SEBI (ICDR) Regulations, 2018, requires LM to exercise due diligence and satisfy himself about all aspects of the issue including the veracity and adequacy of disclosures in the offer document. In view of the same, LM is advised to ensure that:
 - i. The offer document shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company / Expert.
 - ii. The “Industry Overview” section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor have any underlying assumptions been omitted for investors to make an informed decision.
 - iii. LM is further advised to include industry report in the list of material documents for inspection and also provide a link in the offer document for online access of industry report.
14. LM shall confirm whether there has been a change in auditor(s) before completion of the appointed term (in any of the past five fiscal years), and the reasons thereof.
15. When disclosing the status of government approvals in the Risk Factors, LM is advised to include a cross reference with specific page numbers to other sections where the disclosures are made. If approval has a validity, the same shall be mentioned. Consequences of withdrawal of licenses/approval shall be provided.
16. LM is advised to rearrange the risk factors in order of importance/ materiality.
17. LM is advised to disclose ranking and market share of company vis-à-vis its competitors in automobile dealership industry in India at all relevant places in RHP.
18. In summary of Industry (Page 14), LM is advised to elaborate disclosures about automobile dealership industry in India.
19. LM is advised to disclose bifurcation of income from the service segment and sales segment.



20. Risk Factor 2- LM is advised to confirm that all restrictions imposed by OEMs that may be material are disclosed in the risk factor. Further, disclose that company cannot sell vehicles at price more than price specified by OEM (eg. for Daimler).
21. Risk Factor 3- LM is advised to simplify the heading of risk factor. Further, disclose term of agreements and conditions for termination of agreements for each OEM/ dealership in a tabular format.
22. LM is advised to disclose a separate risk factor for restrictions, termination and terms of agreements entered into by company with Maruti and Honda and how company can be adversely affected in case market share of these OEMs decreases or agreement with these OEMs is terminated.
23. Risk Factor 7- LM is advised to disclose whether amount is in lakhs or million for receivable pending table disclosed in risk factor.
24. Risk Factor 8- LM is advised to disclose details of marketing/ sales incentive programs by OEMs for last 3 FY in *Our Business* section and provide only a cross-reference in risk factor.
25. Risk Factor 9- LM is advised to disclose PAT margin for last 3 FY in table disclosed in risk factor.
26. Risk Factor 13- LM is advised to disclose that in the event of default, lenders may require the company to reconstitute its Board. LM is advised to disclose cross-reference to details of Loans and advances and whether there has been delay in payment of any loans/ advances in the past. Where delay, the amounts and period to be disclosed. LM is advised to ensure suitable cross-references at all places.
27. Risk Factor 14- LM is advised to disclose that the company is yet to receive certain material approvals and are pending as on date as disclosed on page 353.
28. Risk Factor 15- LM is advised to disclose relevant dates of acquisition of KEPL and PMPL and provide cross-reference for complete details of these acquisitions.
29. Risk Factor 17- LM is advised to disclose cross-reference to details of employees and confirm that company has no pending statutory dues in relation to its employees including details of the statutory dues paid (ESIC, PF, income tax etc) for the number of employees for the last 3 FY.
30. Risk Factor 20- LM is advised to disclose details of inventory levels and inventory specific ratios for the last 3 FY.
31. Risk Factor 22- LM is advised to disclose details of *significant capital investments* made by company (frequency, costs incurred, etc.) for last 3 FY.

32. Risk Factor 24- LM is advised to disclose one-time license consideration fee paid by company, material terms and conditions of brand license agreement including non-exclusive use, period of use, conditions for termination of agreement, arbitration clause for settlement of disputes, etc.
33. Risk Factor 28- LM is advised to disclose whether there may be conflict of interest due to any lease agreements entered into by the Promoter/ Promoter Group/ Directors or any person/ entity related to them of the company/ subsidiaries etc and confirm that these transactions are at arm's length and in compliance with extant laws and regulations.
34. Risk Factor 31- LM is advised to disclose a suitable cross-reference for details of lenders and terms of loan agreements for unsecured borrowings of the company.
35. Risk Factor 33- LM is advised to disclose in brief, details of qualifications in CARO report as disclosed on Page 297-298.
36. Risk Factor 35- LM is advised to move the risk factor to top 5.
37. Risk Factor 37- LM is advised to disclose cross-reference to details of loans for which personal guarantees are provided by Promoters.
38. Risk Factor 38- LM is advised to move the risk factor to top 5. LM has stated that *"Company is required to file Form MR 2 for aforesaid Appointment 1 and Appointment 2, which is currently pending as on the date of this Draft Red Herring Prospectus."* LM is advised to disclose updated status of the same and its impact.
39. Risk factor 39- In reference to untraceable corporate and secretarial records of the company in connection with allotment of equity shares for allotments made in December, 1983 and June, 1985, LM is advised to obtain CA certificate confirming receipt of money and allotment of shares; and affidavit confirming the transactions from the allottees and Issuer company. Further, disclose details of CA certificate and affidavits at relevant places in RHP and the same shall also form part of material documents available for inspection.
40. Risk Factor 40- LM is advised to publish a public announcement for information of untraceable/ unresponsive shareholders. Further, confirm that company has taken all actions/ done filings, etc. (such as for any corporate actions in the past) required in relation to shares of such shareholders and company is in compliance with extant laws and regulations.
41. Risk Factor 42- LM is advised to disclose insurance coverage as a percentage of assets for last 3 FY.

42. Risk Factor 43- LM is advised to disclose details of credit rating of the company for last 3 FY and confirm whether there has been a downgrade in rating/ outlook for the last 3 FY.

43. Risk Factor 51- LM is advised to disclose that there may be conflict of interest in heading of risk factor.

44. LM is advised to disclose the following risk factors appropriately in the Risk Factors section under suitable heading:

- (i) The issuer company is in the business of dealership of vehicles having low PAT margins in the past. The company mainly depends on the sales commissions from the OEM and hence may not have higher PAT margins and higher returns in the future. LM is advised to disclose PAT margin data for the last three years.
- (ii) Risk due to higher expenses incurred for leasing of space resulting in lower margins. LM is advised to disclose details of lease payments / impact of the same on business / profitability of Issuer company.
- (iii) Longer gestation period for a new auto dealership to become profitable;
- (iv) Risk on dependency on performance of OEMs and their ability to retain market share by introducing new models etc. for the revenue of issuer company;
- (v) Risk due to concentration of business to OEM. Risk due to new OEMs capturing market shares;
- (vi) High proportion of fixed costs (typically, lease rentals and employee costs) in the overall cost structure, challenges in achieving scale (in terms of total operating revenues) and impact of the same in profitability of the issuer company;
- (vii) Risk due to higher number of days the inventory remains unsold in the dealership
- (viii) LM to give data on Inventory turnover ratio as a parameter on efficiency of operations of the company.
- (ix) Competition from other players in the market segments and competitive pricing resulting in lower margins;
- (x) Risk due to low quality of post sales service & spares availability, resulting in losing customer base.
- (xi) Impact of regulatory changes on domestic PV sales- Corporate average fuel efficiency (CAFE) norms
- (xii) Details of employees /Attrition rate of employees and its impact;
- (xiii) Cross reference to details of dealership agreements with OEMs date of expiry and impact of non-renewal of the same; Restrictive conditions from those agreements.

45. LM is advised to disclose a suitable risk factor related to properties leased from Promoter/ promoter group and their interest in the company due to such transactions.

46. LM is advised to disclose Proforma Financial Statements in a proper format for Balance Sheet and Statement of Profit and Loss.
47. LM is advised to disclose suitable risk factor for risks due to mandatory adoption of BS VI standards by OEMs and its impact on company, as applicable.
48. LM is advised to disclose suitable risk factor for risks related to accreditation to be obtained from OEMs for operation of service centers in the names of OEMs.
49. In reference to untraceable corporate and secretarial records of the company in connection with allotment of equity shares for certain allotments, LM is advised to obtain CA certificate confirming receipt of money and allotment of shares; and affidavit confirming the transactions from the allottees and Issuer company. The same shall be disclosed at relevant places in the RHP and these documents shall also form part of material documents available for inspection.
50. 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 such as *"The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus"*. LM is advised to make necessary changes in the offer document wherever applicable. LM is advised to ensure compliance for all future issues as well.
51. LM is advised to submit undertaking and disclose that post-issue shareholding of Banyan Tree in the company shall be less than 20% of the post-issue share capital.
52. In *Objects of the Offer* section, LM is advised to disclose separately, object related to repayment/ pre-payment of borrowings of (i) Company, and (ii) Subsidiaries. The borrowings and amount proposed to be utilized from Net proceeds shall be finalized before filing RHP. Further, disclose whether any repayment/ pre-payment of borrowing relates to subsidiary acquired recently and reasons for the same. Further the financials of the subsidiary shall also be disclosed in brief.
53. LM is advised to disclose the date of sanction letters. (Page 103- 104)
54. LM is advised to submit undertaking regarding potential conflict of interest regarding repayment of loans to ICICI bank.
55. LM is advised to disclose full form of ECLGS in *"Term loan-ECLGS"* in *Objects of the Offer* section.

56. LM is advised to delete "*investment in our Subsidiaries*" from General Corporate Purposes disclosed on Page 105 since main object includes investment in subsidiaries in the form of debt/ equity for the purpose of repayment of loans.
57. On page 105, Offer expenses, LM is advised to disclose that expenses in relation to Offer shall be reimbursed by selling shareholders irrespective of whether IPO/ listing process is completed.
58. LM is advised to remove the statement "Any expenses paid by our Company on behalf of the Selling Shareholder in the first instance will be reimbursed to our Company, directly from the Public Offer Account." LM is advised to disclose that the same will be collected from selling shareholders. (Page 105)
59. LM is advised to disclose more listed peers in Basis for Offer Price section.
60. LM is advised to disclose similar financial data disclosed for PMPL on page 111 for KEPL also.
61. In *Our Business* section, LM is advised to disclose a diagrammatic representation of business operations of the company for various OEMs being conducted through company and its subsidiaries. Further, disclose date of acquisition of these subsidiaries in the diagram.
62. In *Our Business* section, LM is advised to disclose a diagrammatic representation for geographical presence of the company in India (not dealership wise).
63. LM is advised to disclose details of "*innovative marketing strategies*" introduced by company as disclosed on Page 165.
64. On page 165, it is disclosed, "*In fiscal 2023, we were ranked (i) number one at national level.....fifth biggest dealer, all India level, for Piaggio.*" LM is advised to disclose the data in a tabular format under suitable heads.
65. LM is advised to disclose in a tabular format, details of dealership brand, dealership operated by which subsidiary, exclusive/ non-exclusive agreement, restriction in area of operations, date of agreement, tenure of agreement/ termination date, notice period for termination of agreement, etc. in *Our Business* section.
66. LM is advised to disclose attrition rates for employees (permanent and contractual) and insurance coverage as percentage of total assets of the company on Page 185 and 186 respectively.
67. LM is advised to disclose details of properties leased out by company from Promoter/ Promoter group (*Our Business* section), such as name of Lessor, Lease term, security deposit, lease rent, whether lease is registered, etc. Further, confirm

whether these transactions with Promoter/ promoter group are done at arm's length and are in compliance with extant laws and regulations.

68. LM is advised to disclose whether pre-owned vehicles are sold by company directly to buyers, how does the transaction take place and revenue is booked by company. Further, disclose similar details for new vehicles sold by the company in *Our Business* section.
69. LM is advised to disclose how customer complaints are dealt with by company, details of complaints received and resolved in the last 3 FY. Further, disclose what the company is proposes to do after listing for improved customer experience. In case, customer complaints are significant, LM is advised to disclose a suitable risk factor.
70. LM is advised to disclose details of number of employees and statutory dues (eg. Provident Fund, ESIC, Income tax etc.) paid for them by the company in last 3 FY. (Page 185)
71. LM is advised to disclose confirm whether all material clauses of shareholders' agreements have been disclosed. (Page 202-204)
72. LM is advised to confirm whether the composition of Board of directors is in compliance with Regulation 17 of SEBI (LODR) Regulations. (Page 205)
73. It is noted that the director i.e Francis Kuttukaran Paul is of age 75. LM is advised to confirm compliance of Companies Act, 2013 with regard to provisions on the age of directors.
74. LM is advised to disclose brief financial summary of all subsidiaries disclosed on page 199-201 including VMPL, PAWL, PMMIL, KGPL, KCPL and PMPL where the issue proceeds are proposed to be utilised.
75. LM is advised to remove all the futuristic statements / and details not substantiated in the DRHP.
76. LM is advised to disclose details of other considerations to be paid by Banyan Tree from proceeds of the Offer to the Promoters. (Page 227)
77. LM is advised to disclose the details of CCDs issuance to BanyanTree Growth Capital along with details of conversion.
78. LM is advised to disclose in brief, details of indirect tax cases pending against the company and its subsidiaries in notes to table "*Claims related to Direct and Indirect taxes*" disclosed on Page 351.



79. LM is advised to disclose cross-reference to ageing schedule of creditors. (Page 351)

80. LM is advised to disclose cross reference to complete details of lenders name, interest percentage, fixed or floating etc. Further, confirm and disclose whether there has been any delay in payments, default or rescheduling of loans by the company in last 3 FY. (Page 337)

81. LM is advised to specify which material approvals and which renewal of approvals is pending separately and date of expiry/ renewal/ date of application for such approval for all approvals.

82. LM is advised to update the details regarding Material approvals and renewals applied for but not received along with date of application as disclose in page of DRHP and give a cross reference for the same in the appropriate risk factor.

83. LM is advised that Market Value at Issue Price to Total Turnover and P/E Ratio at issue price shall be added in Price Advertisement. LM is also advised to add a suitable risk factor in this regard.

84. LM is advised to incorporate a risk factor in top 10 disclosing that average P/E of the listed peer set is [•] while our company's P/E will be at premium of [•] times at the higher price band and [•] times at the lower price band.

85. Legal and Other Information-

- i. LM is advised to identify and include risk factor for material litigation, if any, which may adversely affect the company.
- ii. LM shall update the details of the status of litigation with the latest/ updated position of litigations against promoter/ promoter group entities/ company and the companies promoted by the issuer.
- iii. LM is advised to ensure the disclosures of all actions taken by the statutory and regulatory authority.

86. LM shall disclose the details of the pledged shares held by the promoters/promoter group in the Issuer Company / its subsidiaries.

87. 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 emphasizing 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.

88. 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.
89. Ensure that details of the Directors in the section titled "Management" clearly depicts if any director is a nominee. If so, please also disclose the details who have nominated them. Similarly, such details to be disclosed for the KMPs as well. Please also confirm that apart from that disclosed in the offer document, there are no other nominee directors, KMPs or other persons etc. appointed on behalf any of the shareholders or any other person.
90. LM is advised to verify and disclose if the name of any of the directors, promoter and promoter group persons is appearing in the list of directors of struck-off companies by ROC/ MCA. Also verify and disclose if the name of the promoter group companies and group companies is appearing in the list of struck-off companies by ROC/ MCA.
91. LM to disclose all the complaints received so far, if any and forwarded by SEBI for comments be under material documents available for inspection along with their respective replies.
92. With respect to 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, 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.
93. 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.
94. LM is advised to ensure that the details of all the criminal matters initiated against the company, group companies, directors, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the RHP along with appropriate risk factors in this regard.



95. LM is advised to include a reference to the circulars CFD/DIL2/CIR/P/2018/22 dated Feb 15, 2018 and CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 at all applicable sections in DRHP.
96. Under section "Monitoring of Utilization of funds", LM is also advised to make suitable disclosure on following points:
- The proceeds of the issue shall also be monitored by the Audit Committee till utilization of the proceeds.
 - 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.
 - Issuer Company shall provide details / information / certifications obtained from statutory auditors on the utilization of the Net Proceeds to the Monitoring Agency.
 - 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.
 - Issue Company shall in its quarterly Notes to Accounts of its Financial Statements include the employment of issue proceeds under various heads.
97. In reference to pre-IPO placement undertaken by the company, LM is advised to suitably disclose risk to investors applying in IPO at a price higher than the pre-IPO price in the price band advertisement.
98. LM is advised to ensure that utilisation of Pre-IPO proceeds shall be completely attributed/adjusted towards GCP portion; unless auditor certified disclosures are made with regards to its utilisation towards the disclosed specific objects of the issue.
99. LM is advised to disclose offer expense to be borne by the issuer vis-à-vis Gross Fresh proceeds only (excluding expenses for OFS). LM is advised to ensure that Net offer should be calculated as Proceeds from Fresh issuance deducted by offer expense to be borne by the issuer.
100. Special Rights Available to Specific Shareholders :-
- LM is advised ensure that special rights as disclosed in the DRHP shall terminate before filing of UDRHP. Further, LM is advised to include a categorical statement that it has gone through AoA of the issuer company and confirm to SEBI that no special rights to the promoters/shareholders in the AoA, at the time of filing of UDRHP.
 - LM is advised to ensure that Part B of the AoA of the company shall be deleted prior to the filing of UDRHP, if any. Further, as part of corporate governance and continuing listing compliance, the issuer shall ensure that no reference is ever made about the special rights to any shareholder in any way or any communication.

101. LM is advised to ensure following disclosures in the Issue advertisement for announcement of Price Band and all further advertisements as a box item below the price band:

"Risks to Investors:

- i. The [to be disclosed] Merchant Bankers associated with the issue have handled [to be disclosed] public issues in the past three years out of which [to be disclosed] issues closed below the issue price on listing date."*
- ii. Any adverse data in the basis for issue price should be disclosed. For example:*
 - "The Price/Earnings ratio based on diluted EPS for [latest full financial year] for the issuer at the upper end of the Price band is as high as [to be disclosed] as compared to the average industry peer group PE ratio of [to be disclosed]."*
 - [if average industry peer group PE ratio is not available, then P/E of Nifty Fifty may be disclosed]*
 - "Average cost of acquisition of equity shares for the selling shareholders in IPO is [to be disclosed] and offer price at upper end of the price band is [to be disclosed]."*
 - "Weighted Average Return on Net Worth for [last three full financial years] is [to be disclosed] %."*

The data on above disclosures shall be updated and disclosed prominently (in the same font size as the price band) in advertisements of Price Band and all further advertisements, website of the company and the stock exchange. Further, any adverse ratio / data in basis for issue price should be disclosed.

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

103. LM shall ensure that the details with respect to Fresh Issue and Offer for Sale be separately disclosed in the Price Band advertisement and details of selling shareholders be presented in a tabular format.

104. LM shall ensure that the range of acquisition price (lowest price-highest price), as disclosed in the RHP and Price Band advertisement, should not be 'Nil' and be computed exclusive of bonus and gift.

105. LM is advised to disclose major risk factors concisely in the "Risk to investors" section of the Price Band Advertisement.





106. LM shall ensure that the details of past issues handled by BRLMs, which closed below the offer price on the listing date, to be published in the below mentioned format:

BRLMs	Total Issues	Issues closed below IPO Price on listing date
BRLM 1/ BRLM 2/ BRLM 3		
Common issues of BRLMs		
Total		

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 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.
4. 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.
5. 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.
6. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
7. 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.
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 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****.*

