



भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

Assistant General Manager
Corporation Finance Department
Division of Issues and Listing
Email: ankurb@sebi.gov.in

SEBI/HO/CFD/DIL2/YJ/AB/OW/P/16195/1
July 23, 2021

ICICI Securities Ltd
ICICI Center
Churchgate
Mumbai - 20

Kind Attention: Mr Anurag Byas

Dear Sir

Sub: Proposed IPO of Supriya Lifescience Limited (the Company / Issuer)

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. As Book Running Lead Manager (LM), you shall ensure that all changes are effected based on the observations / conditions contained in the Annexure before you file the offer document with the stock Exchange / ROC. A letter confirming these changes and explaining, in seriatim, the manner in which each observation / condition has been dealt with along with your comments should be submitted to us before you file the final offer document with ROC / Stock Exchange. **NO FURTHER CHANGES SHOULD BE EFFECTED WITHOUT SPECIFIC WRITTEN CONSENT OF SEBI.**
2. 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

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

3. 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 May 15, 2021, in accordance with SEBI (Merchant Bankers) Regulations, 1992.
4. 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. 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. 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.

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.

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. The proposed issue can open for subscription within a period of 12 months from the date of issuance of this observation letter.

PLACE: MUMBAI


23/7/21
ANKUR BISHNOI



Annexure I

OBSERVATIONS

1. Please refer to our letter/email dated June 07, 2021 and June 17, 2021, and your letter dated May 15, 2021, June 24, 2021, June 30, 2021 and July 20, 2021, and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. **Our Business Section:** LM may be advised to disclose suitable details w.r.t. term 'Latin America' in the RHP.
3. **Objects of the offer:**
 - a. The implementation schedule for capital expenditure may be disclosed, including timelines for sourcing equipment, completing civil, electrical works etc.
 - b. LM should ensure that before filing of the RHP, the set of borrowings that will be considered for repayment or pre-payment using the IPO proceeds, should be crystallized and updated.
 - c. The LM may be advised to ensure that in cases where approval of a lender (as part of loan agreement) is required to repay / prepay the debt of other lenders, such approval has been taken.
 - d. The para at page 89 on pre-payment penalties is contrary to the disclosures on pre-payment penalties of the three loans proposed to be repaid. The LM is advised to recheck the same.
 - e. Since the working capital facilities are proposed to be fully repaid / re-paid, it may be indicated how future requirements for working capital will be met.
4. **Risk factor 1** – The amount spent on R&D in the past 3 years may be disclosed, in absolute terms and as a percentage of revenues.
5. **Risk factor 3** – Costs, if any, associated with product liability claims or recalls in the past 3 years may be disclosed.
6. **Risk factor 4** - Details of action or show-cause notice taken by pollution control boards / courts on environmental / safety / labour related non-compliances during the past 3 years, may be disclosed or it may be stated that no such show-cause notice or action has been taken.
7. **Risk factor 9** – The percentage of raw materials sourced from suppliers outside India (China, Europe and USA) may be disclosed.
8. **Risk factor 20** – Any hedge for managing foreign exchange risk, may be disclosed.
9. **Risk factor 23** – Employee attrition rate may be disclosed for the past 3 years.



- 10. Risk factor 26** – The number of contract labour employed, may be disclosed.
- 11. Risk factor 41** – The details of secretarial non-compliance and corporate actions, may be disclosed.
- 12. Page 162 - 163** – The nature of business of Swastik Industries, may be disclosed.
- 13. Page 186** – Escalations in rent, if part of rental agreements between the Company and promoter, may be disclosed.
- 14. Page 240** – The details of 'other services' for which payments have been made to auditors, may be disclosed.
- 15. Related Party Transactions (Page 246 - 248) –**
- The disclosure on RPTs mentions sale of SLL office to the promoter. Further, Page 186 states that the registered office of the Company is leased from the promoter. It may be clarified whether the premise of the registered office of the Company was sold and then leased from the promoter. If so, risk factor 27 on RPTs may be updated to disclose this fact along-with how such a transaction is in the interest of the Company.
 - In view of the disclosure at Page 227 which states that advance was given to Ravi Industries for purchasing a plot, it may be clarified whether the asset sale has been completed. If not, disclosure may be made to the effect including pending payments to be made, if any.
- 16. Any outstanding issues with drug regulatory agencies in India or abroad may be disclosed including the following:**
- Inspections undertaken by regulators, findings and action taken thereon
 - Impact on financials, if any
- 17. LM is advised to ensure that updated information is provided for the data disclosed in the RHP including under "Industry Overview" section, especially GDP projections (if mentioned). Further, LM is advised that any consequential changes as required either in the industry report or the Management discussions should be reflected as near as possible to the filing of the RHP.**
- 18. 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.

19. 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.

20. 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.

21. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending proceedings with Other Regulatory Authorities is made in the Red Hearing Prospectus.

22. Lead Managers is advised to remove the following paragraph (including content of similar nature) from any/all section(s) of DRHP in which the same is mentioned :

"None among our company, the selling shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the bids due to faults in any software/hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism"

23. Lead Managers is advised to include a reference to the circulars CFD/DIL2/CIR/P/2018/22 dated Feb 15, 2018, CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 at all applicable sections in DRHP.

24. 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]."*



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[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.

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



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 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 SCORES authentication is taken by the issuer company prior to listing.
8. 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.



9. 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.

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* 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**.*

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