



भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

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August 25, 2023

सेबी/सीएफडी/RAC-डीआईएल1/P/OW/2023/34663/1
SEBI/HO/CFD/RAC-DIL1/P/OW/2023/34663/1

First Overseas Capital Limited
1-2, Bhupen Chambers, Ground Floor,
Dalal Street, Fort,
Mumbai 400001
Maharashtra, India

Kind Attention: Mr. Rushabh Shroff/ Ms. Mala Soneji

Sir/ Madam,

Sub: Proposed Rights Issue of Sakuma Exports Limited

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

With reference to the draft letter of offer (DLOF) 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.

Page 1 of 13

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

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



अनुवर्ती :
Continuation :

**भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India**

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

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

2. यह स्पष्ट किया जाता है कि भारतीय प्रतिभूति और विनिमय 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 विनिमय बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिकायरमेंट्स) रेग्यूलेशन्स, 2018] के अनुसार भी किया जाए। ऐसा करना इसलिए जरूरी है, ताकि निवेशक प्रस्तावित निर्गम (इश्यू) में निवेश करने के संबंध में सोच-समझकर निर्णय ले सकें।

It is to be distinctly understood that submission of offer document to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer document. The LM has 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 LM is 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



अनुवर्ती :
Continuation :

**भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India**

भारतीय प्रतिभूति और विनिमय बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख February 23, 2023 and July 28, 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 23, 2023 and July 28, 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 विनिमय 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 71(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.



अनुवर्ती :
Continuation :

**भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India**

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 favor, 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.

स्थान /Place: मुंबई /Mumbai

Poonam
सहायक प्रबंधक
Assistant Manager



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
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Annexure I

OBSERVATIONS

1. Please refer to your letters/email dated August 25, 2023, July 31, 2023, April 27, 2023 and April 10, 2023 and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. In the above 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 Letter of Offer/Letter of Offer.
3. Wherever the LM has undertaken to modify the risk factors in its replies, the same shall be duly modified and incorporated in the updated Letter of Offer/Letter of Offer.
4. 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.
5. **Summary of the Offer Document-** Simple conversational language to be used. No abbreviations shall be used.
6. **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.
7. LM is advised to restate the disclaimers of industry review, in line with interaction with AIBI.
8. Regulation 70 (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 draft letter of offer and the letter of offer. In view of the same, LM is advised to ensure that:
 - i. The letter of offer shall not contain any information where no responsibility is taken by the LM 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.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

9. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.
10. LM is advised to rearrange the risk factors in order of importance/ materiality. Please note that risk factor numbers referred to in the observation letter is as per Draft letter of Offer (DLOF) submitted vide letter dated February 23, 2023.
11. Risk Factors – Every Risk Factor shall be provided with a cross-reference to the detailed description of the facts/reasons in the updated Letter of Offer/Letter of Offer, wherever applicable.
12. LM is advised to disclose updated financial information, as applicable, at all relevant places in the Letter of Offer.
13. LM is advised to specify at all relevant places in the offer document, wherever financial information disclosed is on standalone basis or consolidated basis.
14. Risk Factor 2: LM is advised to disclose in a tabular format details of percentage income earned from various geographies for FY 21-22 and FY 22-23.
15. Risk Factor 3: LM is advised to specify and substantiate seasonal risks associated with each commodity with quantitative data. Also disclose any past instances of losses due to expiry of shelf life of commodities. Further, LM is advised to disclose a separate risk factor for seasonality of its sugar trading business.
16. Risk Factor 4: LM is advised to disclose quantitative data to substantiate the risk factor and disclose past instances, if any. Further, LM is advised to disclose a separate risk factor disclosing details of suppliers (including top 10 suppliers) along with concentration of supply of agricultural commodities in a few suppliers, as applicable, their locations, details of agreements, etc.
17. Risk Factor 5: LM is advised to disclose past instances of product liability claims/ return of products due to quality issues, if any.
18. Risk Factor 6: LM is advised to disclose the details of lease/ terms and conditions which may have impact on the issuer company in risk factor. Further, LM is advised to disclose whether lease agreements have been entered into at market terms and at fair prices with both related parties or otherwise. Also confirm whether all transactions are at arm's length and there is no conflict of interest in case of transactions with related parties.
19. Risk Factor 7: LM is advised to disclose past instances of disruption in transportation services due to any reason, or price fluctuations, if any leading to material losses to the company. Further, disclose whether the company has concentration of business in few of these providers, etc. LM is also advised to disclose the transportation risk involved in export intensive business and the impact of the same for the issuer company, past incidents of loss due to transportation risk in the DLOF.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

20. Risk Factor 8: LM is advised to move the risk factor to top 20 instead of top 10.
21. Risk Factor 9: LM is advised to disclose detailed reasons for negative cash flow from operations in the past.
22. Risk Factor 10: LM is advised to modify/ correct the heading of risk factor stating "*.....are engaged in the same line of business to that of our company and may have incurred losses in the past.*" Further, LM is advised to disclose/ provide cross-reference for details of shareholding of the company in its subsidiaries/ step down subsidiaries and details of subsidiaries which constitute a substantial part of company's revenues/ assets on consolidated basis. Also, disclose financial details of GK Exim FZE W.L.L in INR along with exchange rate of BHD to INR.
23. Risk Factor 11: LM is advised to confirm that no consent is pending from any lender for undertaking the proposed Rights Issue. LM is advised to disclose details of defaults/delays/ rescheduling/ evergreening of loans by the company in past, if any.
24. Risk Factor 12: LM is advised to disclose that the unsecured loan is availed from related party(ies) and specific risks associated with the same.
25. Risk Factor 13: LM is advised to confirm that all related party transactions in the past are undertaken in compliance with extant laws and regulations of various regulatory/ statutory authorities.
26. Risk Factor 14: LM is advised to disclose past instances of any violation of FEMA or any other laws/ regulations related to the company's operations in foreign exchange currency. LM is advised to reword the heading to reflect the risk that majority of revenue of the company is from exports business and the same is subject to Forex risk.
27. Risk Factor 16: LM is advised to disclose in a tabular format details of top 10 customers along with revenue earned from them as percentage of total revenue, tenure of agreements, location of customer, etc.
28. Risk Factor 17: LM is advised to disclose in a tabular format, details of trade receivables cycle of the company for FY 20-21, FY21-22 and FY 22-23 on consolidated basis and detailed reasons for decrease in trade receivables period from FY 20-21 to FY 21-22.
29. Risk Factor 18: LM is advised to disclose past instances, if any. Further, disclose a similar risk factor for orders from the company's suppliers.
30. Risk Factor 19: LM is advised to disclose insurance cover for each type of insurance taken (amount in INR) and insurance coverage as a percentage of its total assets, etc. and details of industry benchmark in this regard.
31. Risk Factor 20: LM is advised to disclose in a tabular format, details of all material permits/ license/ approval obtained from which statutory/ regulatory authorities and their expiry



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

date/ year, as applicable. Further, disclose the list of pending approvals and the updated status of the same in the risk factor.

32. Risk Factor 21: LM is advised to move the risk factor to top 10 and also disclose decrease in revenues of the company from FY 19-20 to FY 20-21 and detailed reasons for the same.
33. Risk Factor 26: LM is advised to provide a cross-reference to industry report disclaimers and assumptions.
34. Risk Factor 27: LM is advised to disclose details of any downgrade in the rating/ outlook of company's borrowings (long term/ short term) in the past. Further, disclose details of all credit ratings obtained by the company for last 5 financial years.
35. Risk Factor 29: LM is advised to quantify the impact of COVID-19 on the company's operations.
36. LM is advised to disclose actions taken/ penalties/ warning letters issued, if any, by SEBI/ SEs in the last 3 years in DLOF.
37. LM to disclose the concentration of revenue from top 5/10 customers in the DLOF.
38. In page 2 of corrigendum-cum-addendum, Risk factor 1, LM is advised to modify the heading of risk factor to include risk of availability, quality and pricing of agro commodities and fluctuations.
39. In page 3 of corrigendum-cum-addendum, Risk factor 3, LM is advised to remove "or interest rate fluctuations" from the heading of risk factor as the content of risk factor has no disclosures/data related to interest rate fluctuations.
40. In page 3 of corrigendum-cum-addendum, Risk factor 4, LM is advised to remove/ clarify "and the products of our customers" from the heading of risk factor. Further, specify for which commodity is "export quota of 11.2 million MT for SY2022" disclosed. Also, disclose full form of SY in Risk factors and Industry Overview.
41. In page 8 of corrigendum-cum-addendum, LM has stated that "The company anticipates an increase in trade receivables because of alteration in its business strategy of exporting goods via transportation combination of FOB and CIF..." LM to disclose current strategy and impact of change in strategy in DLOF.
42. In page 18 of corrigendum-cum-addendum, LM has referred to "ISMA preliminary estimates" highlighting on declining sugar production, lowering crushing days and diversion to ethanol production. LM to disclose the same as risk factor along with the source of such information in DLOF.
43. LM is advised to add the following as a separate risk factor under suitable heading in DLOF:



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

- i. In page 73, it is noted that 68.34% of sales is from Exports. LM is advised to disclose the same in heading of risk factor and risk associated with ban/ restriction on Sugar Exports, which is the main business of the issuer company and its impact on revenue/ profit of issue a company in DLOF. LM is advised to also disclose Control measures/ limit set by GOI on Sugar Exports or ban if any, in the last 5 years.
 - ii. Issuer company's main business being export of sugar the higher reliance on monsoon /rainfall for the sugar crop;
 - iii. Sugarcane being water intensive agriculture product; any incidence of drought will impact the production;
 - iv. Competition from big players in sugar industry which are in manufacturing / exporting of sugar may have impact on the business of company.
 - v. Delays in payments to sugar farmers resulting in switch off of crops by the farmers may affect the production capacity;
 - vi. Sugar exports business is highly dependent on manufacturers and the quality of output.
44. LM is advised to ensure that the company clearly discloses/ informs the entire Rights issue/ entitlements process to the shareholders.
45. It is disclosed in the business overview that *"The balance of the business is contributed through the other agro commodities like grains and petroleum & minerals and Renewable energy."* LM is advised to ensure suitable and specific risk factors are disclosed in relation to trading in these commodities. (Page 73 of DLOF)
46. Objects of Issue- LM is advised to ensure deployment of funds for general corporate purposes ("GCP") includes such identified purposes for which no specific amount is allocated or any amount so specified towards GCP or any such purpose by whatever name called, in the DLOF. In this regard, LM is advised to suitably modify the purposes of GCP. Please note that since the Objects of Issue is utilization of net proceeds for working capital requirements, operating expenses shall not be allowed from GCP.
47. LM is advised to disclose a suitable risk factor for risks associated with decrease in revenue/profits of the company from the last FY.
48. LM is advised to disclose a suitable risk factor for risks associated with significant increase in working capital requirements of the company for the last FY.
49. LM is advised to disclose a suitable risk factor for risks associated with receipt of export incentives by the company, if any.
50. LM is advised to disclose the date of Industry report titled "Indian Sugar Sector". Further, LM is advised to perform necessary due-diligence and provide an undertaking confirming that there is no conflict of interest in these responsibilities to be performed by ICRA Limited.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

51. In page 73, disclosure related to pictorial representation of business verticals of the company, LM is advised to disclose percentage of revenue earned by company from each of its business verticals for the last FY.
52. In page 78, disclosure related to leased properties, LM is advised to incorporate a column disclosing whether the lessor is a related party.
53. LM is advised to ensure that names of all individuals/ entities disclosed in the Offer document are spelled same with correct surnames. There should not be any inconsistency at different sections of the document.
54. LM is advised to disclose in detail, reasons for increase in revenue, borrowings, trade receivables, etc. (having significant fluctuations) for the last FY and stub period, as applicable.
55. LM is advised to update the section Outstanding Litigations and defaults and disclose a suitable risk factor in case any litigation may have a significant adverse impact on the company.
56. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with Regulatory Authorities is made in the Letter of Offer.
57. LM is advised to disclose all certificates issued by Chartered accountants for the purpose of the Rights issue as part of material documents for inspection. Further, LM is advised to ensure that the material contracts and material documents shall also be made available for inspection through online means.
58. LM is advised to disclose only Legal advisors to Issuer on Page 40 of DLOF.
59. With respect to all the complaints received by LM/Company/forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures as to the same are made in the Letter of Offer 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.
60. LM shall also ensure that all the complaints received by LM/Company or forwarded by SEBI be made part of the material documents for inspection.
61. LM is advised to ensure that the disclosure of details of all the criminal matters initiated by or against the company, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the Letter of Offer along with appropriate risk factors in this regard.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

62. LM is advised to update the Letter of Offer in respect to all pending litigations including for any legal notices where the Company is in receipt of such notices post filing of Draft Letter of Offer.

63. LM is advised to disclose the following in the Letter of offer:

- i) Rights Entitlements (REs) which are neither subscribed nor renounced on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.
- ii) If no application is made by the purchaser of REs on or before Issue closing date then such REs will get lapsed and shall be extinguished after the Issue Closing Date. No shares / other securities for such lapsed REs will be credited, even if such REs were purchased from market and purchaser will lose the premium paid to acquire the REs.

Persons who have bought Rights Entitlements (REs), shall require to make an application and apply for shares / other securities offered under Rights Issue, if they want to subscribe to the shares / other securities offered under Rights Issue.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Annexure II

General Observations

1. LM is advised to ensure that prior to filing of Letter of Offer 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 83 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 letter of offer instead of general cross-referencing.
6. In pursuance of Regulation 71 Sub-Regulation 7(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 letter of offer, while also indicating the page number for the same.
7. 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) 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



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

advised to ensure that the following is suitably incorporated in all advertisements / communications regarding the issue issued by the issuer:

ASBA *

Simple, Safe, Smart way of Application !!!

Mandatory in public issue from January 01, 2016

No cheque will be accepted

Application supported by blocked amount (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.

- a. The following paragraph on ASBA may be inserted in the advertisement/Communications:

"APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA): Investors have to apply through the ASBA process. ASBA has to be availed by all the investors except anchor investors.

For details on the ASBA 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 Letter of Offer."

ASBA bid-cum application forms can also be downloaded from the websites of Bombay Stock Exchange and National Stock Exchange. ASBA form can be obtained from the list of banks that is available on the website of SEBI at www.sebi.gov.in.
