



सहायक प्रबंधक / Assistant Manager,  
निर्गम एवं सूचीबद्धता प्रभाग-II / Division of Issues and Listing-II,  
रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार / Registration, Approval and Correspondences  
निगम वित्त विभाग / Corporation Finance Department,  
ई-मेल / Email :- [shivani@sebi.gov.in](mailto:shivani@sebi.gov.in)  
दूरभाष सं. / Tel. No :- 022-2644 9941

SEBI/HO/CFD/RAC-DIL2/P/OW/2023/ 43632 /1  
October 26, 2023

ICICI Securities Limited  
ICICI Venture House,  
Appasaheb Marathe Marg,  
Prabhadevi, Mumbai  
400 025 Maharashtra, India

Kind Attention: Mr. Prem Dcunha/ Mr. Sumit Singh

महोदय / Sir,

**विषय / Sub: Muthoot Microfin Limited का प्रस्तावित आईपीओ / Proposed IPO of Muthoot Microfin Limited ("the company")**

उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट), भारतीय प्रतिभूति और विनिमय बोर्ड (सेबी) द्वारा मांगे गए स्पष्टीकरणों और उसके संबंध में दिए गए उत्तरों के संदर्भ में, यह सूचित किया जाता है कि इनकी जाँच करने पर यह पाया गया है कि इनमें कमियाँ हैं / भारतीय प्रतिभूति और विनिमय बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन्स, 2018] के प्रावधानों और दिए गए अनुदेशों का पालन नहीं किया गया है, और आपके लिए यह जरूरी है कि आप स्टॉक एक्सचेंज और / या कंपनी रजिस्टार 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.

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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 विनियम बोर्ड (सेबी) के पास प्रस्ताव दस्तावेज (ऑफर डॉक्यूमेंट) दाखिल करने का अर्थ किसी भी तरह से यह न लगाया जाए कि सेबी द्वारा इसे मंजूरी प्रदान कर दी गई है। सेबी न तो इस बात की कोई जिम्मेदारी लेता है कि जिस स्कीम या परियोजना (प्रोजेक्ट) के लिए निर्गम (इश्यू) लाए जाने का प्रस्ताव है उसकी वित्तीय स्थिति अच्छी है और न ही इस बात की जिम्मेदारी लेता है कि प्रस्ताव दस्तावेज में दी गई जानकारी या व्यक्त की गई राय सही है। अग्रणी प्रबंधकों (लीड मैनेजर्स) ने यह प्रमाणित किया है कि प्रस्ताव दस्तावेज में जो प्रकटीकरण (डिस्क्लोज़र) किए गए हैं वे मोटे तौर पर पर्याप्त हैं और जो प्रकटीकरणों (डिस्क्लोज़र) तथा निवेशक संरक्षण के संबंध में उस समय लागू सेबी के विनियमों के प्रावधानों के अनुसार किए गए हैं। अग्रणी प्रबंधक यह भी सुनिश्चित करेंगे कि ऐसा भारतीय प्रतिभूति और विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र 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 बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 01 जुलाई, 2023 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

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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 July 01, 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 डाक्यूमेंट) में दी गई जानकारी से भिन्न हो। **इस संबंध में आपका ध्यान विशेष रूप से कंपनी अधिनियम, 2013 की धारा 36 के प्रावधानों की ओर आकर्षित किया जाता है।**

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

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, सेबी के पास प्रस्तुत कर दिया जाए और साथ ही अब तक अदा की गई फाइलिंग फीस का ब्यौरा भी दिया जाए।

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

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

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

आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से अधिक हो, तो ऐसे में आप सेबी को सूचित करेंगे कि कितनी फीस लौटाई जानी है, साथ ही आप यह भी बताएंगे कि आपने लौटाई

जाने वाली फीस की रकम की गणना कैसे की है और सेबी को किसके नाम पर चेक जारी करना होगा ।

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


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 (twelve) months from the date of issuance of this observation letter.

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

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

स्थान / Place: मुंबई / Mumbai

  
आदेश सिंघल / Adesh Singhal

**Annexure I**

**OBSERVATIONS**

The following are SEBI's observations in respect of Draft Red Herring Prospectus of Muthoot Microfin Limited. These observations while referring to a specific chapter or point, the LM shall however ensure to disclose the same across all pages/chapters where the same/similar matter occurs in the DRHP.

1. Please refer to our letter dated July 24, 2023 and your letter dated August 08, 2023 and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. With regard to above, LM is advised to ensure that the changes made pursuant to our clarifications are duly incorporated in the updated DRHP and RHP and Abridged Prospectus.
3. Wherever the LM has undertaken to modify / delete the risk factors or in other relevant section of the DRHP in its replies, the same shall be duly modified and incorporated in the updated DRHP / RHP.
4. Wherever the LM has mentioned "*Complied with*" or "*Noted for compliance*" or "*Complied with and noted for compliance*" or "*Complied with to the extent applicable*" or "*Complied with, to the extent applicable and noted for compliance*" or "*Complied with and noted for compliance, to the extent applicable*" in its replies, LM shall ensure that the same are duly complied with.
5. LM is advised to ensure that all abbreviations used in the offer document should be described in "Definition and Abbreviations" section.
6. LM is advised to ensure that Face Value of Shares should be mentioned at all places where no. of shares are mentioned in the offer document.
7. Draft offer document and the offer document, shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company/ Expert. The Issuer Company / BRLMs shall ensure that the "Industry Overview" section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor any underlying assumptions have been omitted for investors to make an informed decision.
8. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.
9. LM is advised to ensure that offer documents are made in lucid and economical language with limited usage of abbreviations. Abbreviations, if any, shall be used only with prior and appropriate disclosure of the corresponding term in the same page/heading. Any expressions,

Jargons or nomenclatures from other languages or not commonly used, if any, shall be properly explained at each and every mention of the same.

10. LM is advised to ensure that terms which are widely used across the industry should be mentioned in the offer document. Further, LM is advised to remove any definition or information from the offer document which are not common across the industry. For instance Upper Upscale and Upscale, Upper Mid-scale and Mid-scale hotel segments, etc.
11. LM is advised to ensure all quantitative information be provided in tabular form and free from discrepancies/errors in all sections for the ease of reading. LM may provide with certainty all the relevant information sought by SEBI till the issue of this observation letter, in the offer document/UDRHP/RHP.
12. LM is advised to ensure that the primary business of the company shall be disclosed in lucid and economical language. The disclosure shall specify the industry, sector, activity, products etc with clarity.
13. LM is advised that reference to name of any place mentioned in the offer document may be followed by name of City / State, as the case may be.
14. LM is advised to ensure that financial disclosures for the stub period and comparative periods, if any, shall be made on account of audited, restated and consolidated financials only.
15. LM is advised to disclose in the RHP that the company, its Directors and its promoters / promoter group are not declared as “Fraudulent Borrowers” by the lending banks or financial institutions or consortium, in terms of RBI master circular dated July 01, 2016.
16. LM is advised to ensure correctness while disclosing the information in DRHP.
17. 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.
18. With respect to all External Risk Factors, LM is advised to ensure that the same is factually correct and no irrelevant information should be disclosed.
19. LM is advised to ensure that any description of risk or description of the possibility of occurrence of an event/ situation shall necessary follow with a statement of detailed disclosure on past occurrences. If not, a categorical statement of disclosure on non-occurrence of such events shall be disclosed.
20. LM is advised to disclose at all relevant sections of the offer document that the offer related expenses to be shared by the selling shareholders even if company fails to open its issue during the period of validity of SEBI’s observations.

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21. LM is advised to ensure that there are no conflict of interest with the 3<sup>rd</sup> party between the Promoter, Promoter Group, Key Managerial Personnel, Director and Group Companies and its directos.

**22. Pre-IPO Placement :-**

- i) LM is advised to add relevant disclosures comparing Pre-IPO placement price and IPO price, variation between two, details of investors to whom shares have been allotted in Pre-IPO placement, information about selling of shares by selling shareholders through secondary sale at a price lower than IPO price, if applicable, etc. in Summary of the offer document, Risk Factors, Capital Structure and other relevant sections of the offer document. In case, if company does not undertake Pre-IPO placement, the same should be disclosed in the offer document including the fact that it made a provision of Pre-IPO placement at the time of filing of Offer Document.
- ii) LM is advised to ensure that the utilization of Pre-IPO proceeds being discretionary in nature, if raised, shall be completely attributed/adjusted towards GCP portion; unless auditor certified disclosures are made with regards to its utilization towards the disclosed specific objects of the issue.
- iii) LM is advised to confirm that the issuer/LM has appropriately written / intimated in letter to the prospective investor (Pre-IPO investors) that there is no guarantee that the IPO may come through or listing shall happen and the investment is being done solely at the risk of the investor. Further such disclosure to be made part of the DRHP as well, in all places where Pre-IPO Placement is mentioned.
- iv) LM is advised to prominently disclose the price and the name of the shareholder on the day of the allotment in case if any Pre-IPO placement is done, through public advertisement.

23. LM is advised to update the UDRHP, in case any action against Issuer Company, any of the Promoters and Directors, Promoter Group of the Issuer Company, in the past has been initiated or concluded by SEBI.

24. LM is advised to disclose financial figures for last 3 financial years and stub period, if any. Further, LM is advised to ensure that all financial KPIs and operational KPIs being disclosed in the offer document are certified as per SEBI (ICDR) (Fourth Amendment) Regulations, 2022.

25. **Our Management:** LM is advised to ensure that details of the Directors in the section titled "Management" clearly depicts if any director is a nominee. If so, LM shall also disclose the details on the shareholders nominating them. Similarly, such details to be disclosed for the KMPs as well. LM to 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.

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**26. History and Certain Corporate Matters:**

- i) LM is advised to elaborate the various rights granted under the terms of the Shareholders Agreement (SHA) entered between company and shareholders or between shareholders themselves.
- ii) LM is advised that inter-se agreements/ arrangements between the shareholders are disclosed under section “History and Certain Corporate Matters”.
- iii) LM is advised that a categorical statement from the Issuer Company/ Promoters / Shareholders, may be provided that there are no other inter-se agreements/ arrangements and clauses / covenants which are material and which needs to be disclosed and that there are no other clauses / covenants which are adverse / prejudicial to the interest of the minority / public shareholders. Also that there are no other agreements, deed of assignments, acquisition agreements, SHA, inter-se agreements, agreements of like nature other than disclosed in the DRHP.
- iv) Further, the LMs shall also confirm to SEBI that they have gone through the inter-se agreements/ arrangements, if any, as disclosed in the DRHP and they also do not see any clauses / covenants which are material and need to be disclosed, which have not been disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the minority / public shareholders.

27. LM is advised to disclose a brief description of bodies corporates, partnership firms forming part of the promoter group and group companies, if any.

28. LM is advised to ensure that all CA certificates shall be made part of “Material Contracts and Documents for Inspection” in the offer document.

29. LM is advised to ensure that a direct link is provided in the offer document which will provide access to the financial statements of the company and its subsidiaries. Further, LM is advised to ensure that all audited financial statements are available on the website of the issuer company.

30. LM is advised to disclose the below in the Price Band Advertisement :-

- i) Market Cap to Revenue (on Cap and Floor Prices)
- ii) Market Cap to Tangible Assets (on Cap and Floor Prices)
- iii) EV/EBITDA (on Cap and Floor Price)

And compare the same with peers and industry in which company operates. In addition to this, a separate risk factor should also be inserted as Top 10 Risk Factor under “Internal Risk Factors” Category mentioning the above parameters along with comparison with peers and industry in which company operates.

31. Special Rights Available to Specific Shareholders :-

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- i) LM is advised ensure that special rights as disclosed in the DRHP shall terminate before filing of RHP. 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 RHP.
  - ii) 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.
  - iii) The BRLM to confirm that there are no special rights to the shareholders and any special rights mentioned in the AoA in any manner shall be deleted before RHP. Further no mention of the special rights in any manner shall be made to the shareholders.
32. LM shall also ensure that all the complaints received so far, if any and forwarded by SEBI for its comments be made part of the material documents for inspection.
33. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in the RHP.
34. During the interim period of issuance of observation and listing, for all the complaints received by LM/Company and complaints forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures, if required, disclosures are made in the 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.
35. LM is advised to ensure that the disclosure of details of all the criminal matters initiated by or against the company, group, directors, promoters, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the Red Hearing Prospectus along with appropriate risk factors in this regard.
36. 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.
37. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
38. LM is advised to ensure that Top 5 risk factors should be made part of Price Advertisement and should also form part of Abridged Prospectus.
39. Under section “Monitoring of Utilization of funds”, LM is also advised to make suitable disclosure on following points:

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- i) The proceeds of the issue shall also be monitored by the Audit Committee till utilization of the proceeds.
  - ii) Issuer Company shall provide details / information / certifications obtained from statutory auditors on the utilization of the Net Proceeds to the Monitoring Agency.
  - iii) 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.
  - iv) Issuer Company shall in its quarterly Notes to Accounts of its Financial Statements include the employment of issue proceeds under various expense heads.
  - v) 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.
40. LM is advised to ensure the utilization and monitoring of the issue proceeds to be precise and any changes shall be in terms of law and as per the revised framework.
41. LM is advised to ensure that the usage of funds is as disclosed in the Objects of the Issue and any spill over from the intended Objects of the issue to the GCP is not carried out by the issuer.
42. LM is advised to prominently disclose on top of the page that the deployment of funds have not been appraised by any bank, or financial institution.
43. LM is advised to comply with SEBI circular SEBI/HO/CFD/SSEP/CIR/P/2022/14 dated February 04, 2022.
44. 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 emphasising on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration, Price to Earnings ratio and/or Market Cap to Total Revenue ratio etc.), with corresponding suitable explanations so as to justify the offer price".
45. 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]%.”

iii. Details of issue price and allottees of the pre-ipo placement or any secondary transactions by the selling shareholders from the date of filing of DRHP till the date of issuance of Price Band Advertisement..

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.

#### 46. Financial Indebtedness :-

- i) LM is advised to disclose table for last 3 FYs and stub Period, if any. The table should contain Date of Sanctioning of the Loan, Opening Balance of Loan from a particular bank, Closing Balance of Loan from a Particular Bank, Any new loan sanctioned during the period and amount repaid during the period. (Type of Loan Wise)
- ii) LM is advised to ensure that there are no other covenants as disclosed in the offer document.

47. LM is advised to include all Financial Metrics Numbers disclosed in DRHP as a separate portion under Sub-Section “Summary of Financial Information”. This section must include different segment of revenue including Revenue Classification based on products, Geography, etc.

48. LM is advised to ensure that utilization of proceeds of fresh issue should be monitored considering the fact that proceeds will be utilized for onward lending.

49. LM is advised to disclose a separate risk factor stating the higher percentage of NPA in the H1'23.

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50. LM is advised to disclose the detailed information about the matter including facts of the case w.r.t. Muthoot Fincorp Limited and Muthoot Estate Investments, RBI' direction, status of compliance with RBI's direction, and any other relevant details.
51. LM is advised to include a separate risk factor disclosing the impact of RBI's directions on operations and financial of the company.
52. Offer Document Summary (Offer size):
- LM is advised to disclose the price at which CCPS will be converted.
  - LM is advised to provide a negative confirmation that shareholders other than selling shareholders shall not be involved in process of pricing and allocation of shares.
  - LM is advised to refer Page 23 & Page 40 (RF 18) and provide correct page no. for cross-references and ensure that page no. of all cross-references are correct in the DRHP.
  - Page 23 :- LM is advised to add a footnote that Equity Shares on fully diluted basis is considered for the purpose of calculation of EPS and NAV.
  - Page 25: Financing Arrangements – LM is advised to provide confirmation and disclosures for past 3 years.
  - LM is advised to disclose terms of conversion of CCPS into equity shares at all relevant sections of the offer document.
53. Risk Factor 3 :- LM is advised to define the terms stated in the table to ensure that the language remains lucid and self-explanatory.
54. Risk Factor 4 :- LM is advised to refer the table on Page 32 and ensure that each observation shall accompany with respective implication and time period in concern in the table. LM is advised to include observations issued by RBI (if any) from recent inspection.
55. Risk Factor 5- LM is advised to disclose lenders' details whose prior consent is required as stated in the risk factor.
56. Risk Factor 7- LM is advised to refrain from generic statements and ensure that specific implications for the litigations are disclosed in detail in the risk factor.
57. Risk Factor 9- LM is advised to state the non-compliance in detail and provide requisite cross-references.
58. Risk Factor 10 :- LM is advised to delete the word "requested" and replace with more appropriate term.
59. Risk Factor 16- LM is advised to move this risk factor under top 10 risk factors.
60. Risk Factor 17 :- LM is advised to disclose change in credit ratings in last 3 FYs.

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61. Risk Factor 19- LM is advised to provide cross-reference to information pertaining to CRAR, Tier-1, Tier-2 in the risk factor.
62. Risk Factor 25, 39, 40- LM is advised to move these risk factors under top 15 risk factors.
63. Risk Factor 29 - LM is advised to disclose categorically whether these customers have/do not have bank accounts, if the customers were having access to banks accounts, LM is advised to disclose reasons for acceptance of cash. LM is further advised to disclose Average cash collection per customer in the risk factor.
64. Risk Factor 31 - LM is advised to include a separate risk factor pertaining to CCPS and include information pertaining to Employees/PF/statutory dues in the risk factor.
65. Risk Factor 34 - LM is advised to disclose the elaborate clearly on the context in the risk factor.
66. Risk Factor 35 - LM is advised to disclose details such as no. of vendors, relevant period etc. LM is advised to disclose the relevance with operations of the Issuer Company in the risk factor.
67. Risk Factor 36- LM is advised provide confirmation on whether lease agreements are associated with the Promoter/Promoter Group/Directors/KMPs of Issuer/Group company/Subsidiary/Associate company or their relatives, if so, the same shall be disclosed in the risk factor.
68. Risk Factor 40- LM is advised to disclose % of outstanding amount in the risk factor.
69. Risk Factor 44 :- LM is advised to move these risk factors under top 20 risk factors.
70. Risk Factor 47- LM is advised to disclose purpose of loans availed including the ROI % in the risk factor. Further, LM is advised to move this risk factor to Top 20 risk factor. Also, LM is advised to disclose if shares held by promoter/directors in the issuer are given as collateral, negative confirmation that shareholding will not be affected in case of default by other parties to repay loans.
71. LM is advised to include an additional risk factor on “Challenges in rural-focused business”.
72. LM is advised to add a separate risk factor under Top 10 Risk Factors mentioning the fact that growth and profitability is high in 2023 but the same is not sustainable. Further, LM is advised to disclose reasons for increase in loan portfolio, revenue & profits.
73. LM is advised to add a separate risk factor mentioning the fact that moratorium was given to customers due to COVID-19.

74. LM is advised to add a separate risk factor mentioning the risk of leakage of Client's personal details.

75. LM is advised to add separate risk factors for the below :-

- i) Business of the issuer company is subject to competition, hence there is no assurance of retaining clients which may impact profitability and operations of the company.

**76. Capital Structure:**

- i) Page 57 :- LM is advised to ensure that net proceeds from Pre-IPO placement shall be deployed for the same purpose as disclosed in the objects of the Issue.
- ii) Page 77 :- LM is advised to disclose the reason how CCPS price can be compared with offer price of equity shares.
- iii) LM is advised to justify the allotment of CCPS from December 2021 to September 2022 and include a suitable risk factor.
- iv) Page 80 : LM is advised to disclose reasons for transfer of shares to the Issuer by Promoter in 2022.
- v) Page 84: LM is advised to disclose shareholding of PI in the tables.

**77. Objects of the Offer:**

- i) Page 91-Fresh Issue - LM is advised to justify CRAR, Tier-1, Tier -2. LM is advised to refer page 93 and delete "reimburse our Company in proportion to their respective portion of the Offered Shares"
- ii) Page 98: LM is advised to increase the no. of peers and provide peer-comparison in the table.
- iii) LM is advised to disclose the absolute figures of current CRAR and Tier I & Tier II capital. LM is advised to disclose the extent of business/risk weighted assets, required to be achieved by the Issuer to meet the equity capital infusion in Tier 1 and Tier 2.
- iv) LM is advised to disclose how the proceeds of the IPO shall be utilized until the Issuer achieves the extent of business/risk weighted assets for the Tier I and Tier II and include an additional risk factor for the same.
- v) LM is advised to disclose the post IPO Capital Adequacy Ratio.
- vi) LM is advised to disclose proper explanation with regards to deployment of Net proceeds including the methods it intends to follow, in the offer document.
- vii) LM is advised to include Market Price of Listed Entities. Further, LM is advised to disclose the fact the few of the listed peers (name of the banks) are engaged in Banking services as well.
- viii) LM is advised to disclose the source of information of the KPIs of Listed Industry peers and confirm if the disclosed information is audited.

78. Page 152 – LM is advised to disclose the absolute figures of the borrowings.

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79. Page 185 :- LM is advised to disclose the details of loan defaulted and moratorium availed.
80. Page 186: LM is advised to delete “Under the Shareholders’ Agreement, the Promoters collectively have the right to nominate for appointment up to five directors, Creation has a right to nominate one Director, ..... part of the securities held in our Company.” And confirm if the same has been informed to RBI.
81. Page 192: LM is advised to refer foot note and disclose details of nominee directors.
82. Page 209: LM to provide a confirmation for the issuer, its group companies, promoter group, entities where promoter is a director, associates, subsidiaries and other related entities - whether any entity has ever been involved in the act of money mobilization in any manner and whether any Regulator/ Agency has at any time sought any information in any manner, if not LM is advised to provide a negative confirmation.
83. Page 209 :- LM is advised to disclose the year in which Muthoot Fincorp Limited became the promoter of Muthoot Microfin Limited. LM is advised to disclose below information pertaining to Muthoot Fincorp Limited :-
- i) Promoter Details
  - ii) Financial information for last 3 FYs (Audited)
  - iii) Details of director
  - iv) Operations of Muthoot Fincorp Limited
  - v) Material Litigations
84. Page 210: LM is advised to disclose details of funds in the section.
85. Page 211 :- LM is advised to disclose the amount of rent alongwith YoY % increase.
86. Page 363: LM is advised to disclose details of “Litigations against the Promoters” in the section itself.
87. Page 421: LM is advised to ensure that before filing of the RHP, the disclaimer-“The Articles of Association.....Equity shares” shall be deleted from the offer document. LM is further advised to refer page 424 and delete Part 2 of the AoA before filing the RHP.
88. **Our Business:**
- i) LM is advised to refer page 145 and disclose comparison for cash payments vis-à-vis “Mahila Mitra” application.
  - ii) Page 146 : LM is advised to define the term- Marquee Investors, their contribution to the Issuer company and rename the term in line with industry defined terms.

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- iii) Page 148 : LM is advised to disclose the impact of demonetization on the Issuer company and its operations.
- iv) Page 152 : LM is advised to disclose complete borrowing details in the table.
- v) Page 168 : LM is advised to disclose ratings for past 3 years in the risk factor and in the table.
- vi) Page 168, Employees: LM to provide confirmation that Provident Fund (PF) payment and other statutory dues have been made on timely basis for all eligible employees of the issuer/its subsidiaries and if not, include a Risk Factor for the same in top 25 risk factors.
89. The reference to the selling shareholders for determination of the price band, price, allocation etc cannot be allowed. BRLM to ensure that selling shareholders are not part of the same. The same to be ensure for all future issues as well.
90. LM is advised to disclose a justification that there is no change in the issue price per CCPS between Dec 2021 to Sep 2022.

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## 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 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.
3. LM is advised to ensure compliance of relevant circulars issued by SEBI in addition to circulars specifically mentioned in this observation letter.
4. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
5. 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.
6. 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.
7. 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.
8. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
9. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.

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10. 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.

11. LM shall confirm to SEBI that as on the date of the offer document, the clauses/ covenants of Articles of Association (AoA) of the issuer company are in compliance with the Companies Act and the Securities Laws, as applicable.

**12. ASBA:**

- i) LM is advised to ensure that sufficient number of Physical ASBA forms are printed and dispatched directly to all designated branches of SCSBs which are located in places of mandatory collection centers as specified in Schedule XII of SEBI (ICDR) Regulations, 2018, Syndicate Members and Registered Brokers of Stock Exchanges, the Registrars to an Issue and Share Transfer Agents (RTAs) and Depository Participants (DPs) registered with SEBI, at least two days before the opening of the issue. This shall be in addition to ASBA forms which shall be sent to controlling branch of SCSBs for sending to designated branches other than those located in mandatory collection center.
- ii) LM is advised to ensure that the ASBA mode of payment is highlighted in bold in all the advertisement / communication informing about the issue. Further, LM is also advised to ensure that the following is suitably incorporated in all advertisements / communications regarding the issue issued by the issuer:

- a. The following may appear just below the price information of the issue as shown below:

***“PRICE BAND: RS. xx TO RS. xx PER EQUITY SHARE OF FACE VALUE OF RS. xx EACH***

***THE FLOOR PRICE IS xx TIMES OF THE FACE VALUE AND THE CAP PRICE IS xx TIMES OF THE FACE VALUE***

***BID CAN BE MADE FOR A MINIMUM OF xx EQUITY SHARES AND IN MULTIPLES OF xx EQUITY SHARES THEREAFTER.***

**ASBA \***

(APPLICATION SUPPORTED BY BLOCKED AMOUNT)

Simple, Safe, Smart way of Application !!!

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**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](http://www.sebi.gov.in). \*\*List of banks supporting UPI is also available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) \*\*.*

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