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SEBI/HO/CFD/RAC-DIL2/P/OW/2024/30329/1
September 24, 2024

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot NO. C-27,
'G' Block, Bandra Kurla Complex, Bandra (East),
Mumbai - 400051

Kind attention: Mr. Vishal Bandekar, MD-Equity Corporate Finance

महोदय,
Sir,

विषय/ Sub: Swiggy Limited का प्रस्तावित आईपीओ/ Proposed IPO of Swiggy Limited

उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट), भारतीय प्रतिभूति और विनिमय बोर्ड (सेबी) द्वारा मांगे गए स्पष्टीकरणों और उसके संबंध में दिए गए उत्तरों के संदर्भ में, यह सूचित किया जाता है कि इनकी जाँच करने पर यह पाया गया है कि इनमें कमियाँ हैं। भारतीय प्रतिभूति और विनिमय बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोजर 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 (डिस्क्लोजर) करने की बात कही गई है, यह सब आपको केवल उदाहरण के तौर पर ही बताया गया है। यह सुनिश्चित करने की जिम्मेदारी आपकी है कि सभी और सही प्रकटीकरण किए जाएं।

With reference to the draft offer document in respect of captioned issue, clarifications sought by SEBI and the replies submitted therein, it is stated that on scrutiny of the same, deficiencies /instances of non-compliance of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as SEBI (ICDR) Regulations, 2018) and instructions have been observed, which are required

to be rectified / complied with by you before filing the offer document with the Stock Exchange and/ or ROC. Observations on the captioned issue and other conditions to be complied with are indicated in Annexure 'I' and 'II'. It may be noted that the deficiencies / requirement of additional disclosures listed in the Annexure are merely illustrative and not exhaustive. It is your responsibility to ensure full and true disclosures.

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

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

2. यह स्पष्ट किया जाता है कि भारतीय प्रतिभूति और विनियम बोर्ड (सेबी) के पास प्रस्ताव दस्तावेज (ऑफर डॉक्यूमेंट) दाखिल करने का अर्थ किसी भी तरह से यह न लगाया जाए कि सेबी द्वारा इसे मंजूरी प्रदान कर दी गई है। सेबी न तो इस बात की कोई जिम्मेदारी लेता है कि जिस स्कीम या परियोजना (प्रोजेक्ट) के लिए निर्गम (इश्यू) लाए जाने का प्रस्ताव है उसकी वित्तीय स्थिति अच्छी है और न ही इस बात की जिम्मेदारी लेता है कि प्रस्ताव दस्तावेज में दी गई जानकारी या व्यक्त की गई राय सही है। अग्रणी प्रबंधकों (लीड मैनेजर्स) ने यह प्रमाणित किया है कि प्रस्ताव दस्तावेज में जो प्रकटीकरण (डिस्क्लोज़र) किए गए हैं वे मोटे तौर पर पर्याप्त हैं और जो प्रकटीकरणों (डिस्क्लोज़र) तथा निवेशक संरक्षण के संबंध में उस समय लागू सेबी के विनियमों के प्रावधानों के अनुसार किए गए हैं। अग्रणी प्रबंधक यह भी सुनिश्चित करेंगे कि ऐसा भारतीय प्रतिभूति और विनियम बोर्ड [पंजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिकॉयर्डमेंट्स) रेग्यूलेशन, 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 (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन, 2018 के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख April 26, 2024 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 April 26, 2024 in accordance with SEBI (ICDR) Regulations, 2018.

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 59C 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 59C 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।

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.

7. प्रस्तावित निर्गम (इश्यू) इस अभिमत पत्र के जारी होने की तारीख से 18 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 18 months from the date of issuance of this observation letter.

स्थान / Place: मुंबई / Mumbai


सोनल पेडणेकर / Sonal Pednekar

Annexure I

OBSERVATIONS

The following are observations of SEBI in respect of the pre-filed Draft Red Herring Prospectus ('PDRHP') of Swiggy Limited. While these observations refer to a specific chapter or point, the LM shall ensure to disclose the same across all pages/chapters where the same/similar matter occurs in the PDRHP. The BRLM shall also ensure that these disclosures are made in all filings with SEBI.

1. Please refer to our email dated May 28, 2024, and your response dated June 27, 2024 and all subsequent correspondences exchanged. Wherever the LM has undertaken to modify/delete/amend the risk factors or in other relevant section of the PDRHP in its replies, the same shall be duly modified and incorporated in the updated DRHP-I ('UDRHP-I/UDRHP-II') and Red Herring Prospectus ('RHP') and Abridged Prospectus.
2. 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.
3. LM is advised to ensure that all abbreviations used in the offer document should be described in "Definition and Abbreviations" section. Kindly note that merely writing the full form of Abbreviations does not define the terms used in the offer document.
4. LM is advised to ensure that the company is in compliance of Regulation 17(1A) of SEBI (LODR) Regulations, 2015 and submit an undertaking to this effect along with UDRHP-1.
5. LM is advised to ensure that the currency denomination is mentioned at all places.
6. LM is advised to disclose the details of allotment of securities in violation of the provisions of the Companies Act, if any, in UDRHP-I/ UDRHP-II / RHP.
7. LM shall avoid using the following (including content of similar nature) in the UDRHP-I/ UDRHP-II / RHP - "the Company, the Selling Shareholders, the BRLMs or any other person connected with the Offer have not independently verified this information", if any. It may be noted that, it is obligatory on the LM to perform necessary due diligence on the entire draft offer document, including the information provided under Industry Reports; and to ensure that the information provided in the DRHP is current, reliable and complete in all aspects, before submitting the offer document to SEBI.
8. LM is advised to ensure compliance with the provisions of Chapter-IIA of SEBI (ICDR) Regulations, 2018.

9. LM is advised to ensure compliance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022 including disclosure of KPIs, basis of offer price etc.
10. LM is advised to disclose Market Cap to Revenue (on Cap and Floor Prices), Market Cap to Earnings (on Cap and Floor Prices) and EV/EBITDA (on Cap and Floor Price) in the Price Band Advertisement along with the peer comparison.

11. Summary of the Offer Document:

- i) LM is advised to quantify the disclosure in the ‘Summary of the Industry in which Company operates’;
- ii) LM is advised to confirm whether the agreements (in relation to CCPS) has undergone any change prior to filing of Pre-Filed DRHP. Further, LM is advised to explain the term ‘maximum conversion’ and specify the terms and conditions and formulae for calculation of conversion ratio.
- iii) Page 16 – LM is advised to remove the words ‘professionally managed company’ and replace it with ‘our company does not have an identifiable promoter...’
- iv) Page 16 – LM is advised to write the amount of pre-IPO as disclosed on the cover page.
- v) Page 18 – LM is advised to disclose whether the individual selling shareholders are related. Further, LM is advised to disclose present holding in % of equity and converting CCPS and prior to pre-offer.
- vi) Page 18 – LM is advised to disclose updated financials.
- vii) Page 18 – LM is advised to clarify whether calculation of net worth includes CCPS as equity.
- viii) Page 22 – LM is advised to disclose price at which conversion of CCPS to equity will be done.
- ix) Page 24: LM is advised to disclose details of Trustees, Beneficiaries, Sponsors and Settlers of the Lynks Shareholder’s Trust;
- x) Page 25: LM is advised to disclose complete details of exemption and confirm that the issuer company has complied with the conditions stated in SEBI letter dated July 22, 2024.

12. With respect to all External Risk Factors, LM is advised to ensure that the same are factually correct and no irrelevant information should be disclosed.

13. Risk factors- (i) Every risk factor shall be provided with a cross-reference to the detailed description of the facts/reasons in the DRHP, wherever applicable. (ii) In all risk factors, wherever either only percentages or the absolute values are mentioned, LM shall ensure to disclose both the absolute values and percentages adequately.

14. Risk Factor 1: LM is advised to disclose all the negative figures in (). Further, LM is advised to modify heading as '*We have incurred net losses in each year since incorporation....*' and make suitable changes in the content of the RF. LM is advised to remove 'our historical performance...' from the heading and replace it with 'If we are unable to general adequate revenue growth and manage our expenses and cash flows, we may continue to incur significant losses'. LM is advised to disclose revenue from operations instead of GOV.
15. Risk Factor 3: LM is advised to define Average Monthly Transacting Delivery Partners in Definition and Abbreviation section and provide a cross reference in the said risk factor. LM is advised to remove the word 'successfully' from the heading. LM is advised to disclose if there is any firm arrangement with delivery partners.
16. Risk Factor 4: LM is advised to disclose partner attrition rate or disclose the rationale as to why the same cannot be incorporated in the offer document. LM is advised to make a separate risk factor on 'partners not renewing contracts, enhancing presence on other platforms, launching or focusing on their own delivery service; or shuttering their online delivery models, among others along with competition in same line of business. Further, LM is advised to incorporate suitably risk mentioned in last para in the heading.
17. Risk Factor 5: LM is advised to provide data related to relocating the existing dark stores for last 3 FYs and stub period, if any.
18. Risk Factor 5, 6: LM is advised to remove the word 'successfully'.
19. Risk Factor 7: LM is advised to disclose data on competition including but not limited to Market Share of other competitors, competition from Unorganized Sector, etc.
20. Risk Factor 10: LM is advised to disclose separate RF on personal data, privacy, data breach. LM is advised to specify clearly about any data breach (no. of instances) along with financial impact in the last para.
21. Risk Factor 11: LM is advised to confirm and disclose whether the company owns the "Swiggy" brand. Further, LM is advised to disclose if any brand value is recognized in the Books of Account for last 3 FYs and stub period (specific to Swiggy Brand).
22. Risk Factor 14: LM is advised to disclose quantum of Cash Deliveries during last 3 FYs as a % of total deliveries (Food Delivery and Quick Commerce Business Segment). Further, LM is advised to add a separate risk factor specifying risks due to any potential violation of PMLA/ FIU requirements.
23. Risk Factor 16: LM is advised to ensure that any utilization of the proceeds where the company is unable to decide at the time of IPO shall go through the shareholder's approval. Further, LM is advised to ensure that the terms and conditions of debt or any other instruments to be disclosed to investors through prior intimation and their approval to be taken for any direct acquisition or acquisition through subsidiary.

24. Risk Factor 20: LM is advised to disclose and confirm in whose name the term “Swiggy” is registered as a trademark.
25. Risk Factor 22: LM is advised to confirm and disclose that any extension in the deployment period will be done post shareholder’s approval. Further, LM is advised to confirm the same to Stock Exchanges as well. LM is advised to disclose this as top 15 RFs.
26. Risk Factor 24: LM is advised to disclose this as top 20 RFs.
27. Risk Factor 38: LM is advised to specify the regions where new dark stores may be opened.
28. Risk Factor 42: LM is advised to disclose the link of Redseer Report.
29. Risk Factor 43: LM is advised to disclose amount of “Offer for Sale” and % of OFS vis a vis total offer size.
30. Risk Factor 45: LM is advised to disclose Share Based Payment Expense during last 3 FYs and stub period, if any.
31. Risk Factor 55: LM is advised to disclose amount of “Offer for Sale” and % of OFS vis a vis total offer size.
32. Risk Factor 64: LM is advised to change the heading of the risk factor in line with the actual risk i.e. “There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges”. Further, LM is advised to replace the phrase “in this risk factor” with “as specified by SEBI”.
33. LM is advised to disclose a separate risk factor stating that significant portion of the proceeds is being utilized towards brand building.
34. Additional Risk Factors: LM is advised to add separate risk factors for the following:
- i) Control on Quality, Hygiene., Quantity, Weight may not be there.
 - ii) Use of Spurious material
 - iii) Availability of local vendors vs usage of dark stores
 - iv) Company passes through the amount paid for food delivery, Quick Commerce Business, etc. Such pass through to be shown separately and disclosed.
 - v) Long term usage of proceeds and the future business strategy or the manner may undergo change due to new players, technology other manners adopted by new entities.
 - vi) LM is advised to disclose a separate RF that amount raised will be utilized over a long period.
 - vii) Page 65: LM is advised to disclose separate RF on high trade receivables.
 - viii) Page 148: RF on traditional cultural preferences of home cooked food and supply-side constraints.
 - ix) Page 148 : RF on restaurant industry in India is still highly unorganized and absence of robust restaurant network and diverse culinary options in smaller towns.
 - x) Page 149: Lower frequency of ordering food online as people are accustomed to home cooked meals.

35. Page 62 : LM is advised to ensure that selling shareholders not to be involved in pricing in any manner. BRLMs is advised to confirm and disclose the same in UDRHP 1.
36. Page 63 : LM is advised to confirm whether the waterfall in the event of under-subscription was disclosed to all the selling shareholders and their respective consents have been obtained.
37. Page 65 : LM is advised to provide detailed explanation for increase in Goodwill. Further, LM is advised to provide details for Other Intangible Assets and reason for their multifold increase in last 3 FYs and stub period.
38. Page 83 : LM is advised to be careful while giving cross reference. Further, LM is advised to give correct cross reference as no details are given on Page 78.
39. Page 90: LM is advised to disclose details of shares pledged and liquidity trust.
40. Page 95 – LM is advised to disclose reasons for change in no. of shares per option in 3 ESOP schemes. Further, LM is advised to disclose details of beneficiaries of ESOP schemes 2015 and 2021 whose shares are yet to be exercised/ vested.

Objects of the Offer:

41. Page 106: LM is advised to give detailed description of Scootsy including but not limited to its main business, assets and other business, revenue mix from each Business and the amount proposed to be invested in which vertical and its revenue and PAT growth in last 3 FYs and stub period.
42. Page 106: LM is advised to write the amount of pre-IPO as disclosed on the cover page.
43. Page 108: LM is advised to disclose all the borrowings of scootsy. Further, LM is advised to ensure and disclose that any other borrowings (other than disclosed ones) has to be repaid after taking shareholder approval. Further, LM is advised to disclose the same to Stock Exchanges.
44. Page 108: With respect to Object 1, LM is advised to write full name of Scootsy in the heading.
45. Page 110: LM is advised to disclose reasons for closure of dark stores.
46. Page 110, 111: There is a mismatch in average area of dark store (2837 & 2922 sq.ft.) as provided on page no. 110 and 111, respectively. LM is advised to verify and provide correct information.
47. Page 110: LM is advised to disclose details of merchant partner. Further, LM is advised to disclose factors taken into consideration while choosing the merchant partner. Also, LM is advised to confirm whether there is one Dark Store for one Merchant partner or for multiple merchant partners. In addition to this, LM is advised to confirm as to whether equal preference is given to all Merchant Partners.

48. It is stated that 'The dark stores are currently leased. previously, was sub-leased..' LM is advised to confirm as to what is proposed to be done. Further, LM is advised to disclose the complete details of such arrangements (lease and sub-lease), penalty clauses for non-performance etc.
49. LM is advised to compare per sq ft cost and revenue per sq ft and profit per sq ft for last 3 FYs and stub period.
50. Page 111 – LM is advised to disclose per sq ft expenditure each year by Swiggy, per sq ft by dark store operators and explain the variations if any.
51. Page 111: LM is advised to disclose separate RF that issuer has not yet identified location for setting up of dark stores.
52. Page 111: LM is advised to disclose the process of identification of dark store operators. LM is advised to confirm if they are required to spend any amount or entire expense is borne by the company or merchant partners.
53. Page 112: LM is advised to define average size dark store. Further, LM is advised to disclose Average Revenue per Dark Store and region wise revenue for Quick Commerce Business.
54. Page 113: LM is advised to disclose separate RF (apart from RF mentioned in the para) that Scootsy has not entered into any definite agreement or placed orders.
55. Page 113: LM is advised to disclose separate RF that Scootsy has to procure registrations under relevant laws.
56. Page 116: LM is advised to disclose details of the brand promotion agreement.
57. Page 117: LM is advised to disclose a column specifying nature of business of the acquired entity.
58. LM is advised to confirm that they have independently verified that the quotes obtained and leave & License agreements are on Arm's Length Basis.
59. LM is advised to confirm as to whether the vendor from which quotation is obtained, is in a position to supply at all the places for Dark Stores.
60. LM is advised to disclose No. of Dark Stores which are entered into Lease for 11 months and no. of agreements for such stores terminated in 11 months. Further, LM is advised to disclose quantum of loss to company in such cases. Also, LM is advised to add a Risk Factors for the same.
61. LM is advised to confirm and disclose if any Dark Store operators are connected/related to Promoter/ Promoter Group/ KMP/ Director of the company/ Subsidiary/ Group Company/ Selling Shareholders in any manner. If not, LM is advised to add a negative disclosure for the same.
62. LM is advised to add a Risk Factor that material subsidiary is loss making in last 3 FYs and stub period.

63. LM is advised to confirm and disclose if any technology service providers are connected/related to Promoter/ Promoter Group/ KMP/ Director of the company/ Subsidiary/ Group Company/ Selling Shareholders in any manner. If not, LM is advised to add a negative disclosure for the same.
64. LM is advised to clearly disclose the amount of GCP proposed to be utilized in subsidiary as Investment in Subsidiary is one of the object of the issue.
65. LM is advised to confirm and disclose that for the funds kept with the Banks raised through the public issue and pending utilization, no lien of any nature shall be created on the underlying funds.
66. LM is advised to confirm and disclose that in case, the company fails to open requisite number of stores during the period mentioned in the offer document, the same should be considered as variation of objects and relevant provisions of the companies Act, 2013 shall apply. Further, LM is advised to ensure that Monitoring Agency should comment on Proposed Schedule of Deployment of IPO proceeds vis a vis Actual Deployment along with reasons for variation, after due verification from the issuer.
67. LM is advised to provide appropriate Cross Reference across the document – Risk Factor 7 and 13. Further, LM is advised to give cross reference to page no. and para wherever reference to Redseer Report is made. (Our Business section)
68. Page 157 – LM to confirm and disclose that all material parts of the report are disclosed and full report is available on website and as part of MCDI.
69. Page 160: LM is advised to categorically disclose that the Company acts as a pass agent for Food Delivery, Out of Home consumption and Quick Commerce Business etc.
70. Page 162: LM is advised to confirm whether the below data are verified by LM:
i) Ever Transacted Users
ii) Average Monthly Order Frequency
iii) Delivery Partners
71. Page 194: LM is advised to to disclose date of agreement/s and to confirm whether there were any agreements prior to these agreements.
72. Page 195: LM to disclose date of amendment cum waiver agreement.
73. Page 195: LM to confirm that the clause of placing provision of AoA for approval of shareholders is part of the agreement. (BRLM to disclose that the same cannot be a right but shall go through shareholders' approval in terms of LODR).
74. Page 195: LM is advised to explain the rights to nominate directors in detail.

75. Page 196: LM to disclose all such details of the agreement that will survive post listing and also disclose that rights of any manner to any person shall not survive post listing.
76. Page 196: LM is advised to disclose Terms and conditions of each SSA.
77. Page 198: LM is advised to include the BTA of Dine out dated May 12, 2022 in MCDI, confirming no other arrangement or like nature with the sellers.
78. Page 200: Since money is being invested in subsidiary, LM to confirm that there is no agreement with any shareholder or any other person for any right over the subsidiary. Alternatively, details of such rights to be disclosed.
79. Page 200: LM is advised to disclose brief of 3 years audited financials of subsidiary, step down subsidiary and associate.
80. Page 225: With regard to group companies, LM is advised to disclose brief of present activity and shareholders/promoters.
81. Page 226 – LM to ensure and confirm the links are working and the data is complete and meaningful to the investors. LMs to monitor that the data is available at all times.
82. LMs to confirm and disclose that there are no special rights of any nature to any person in either part A and part B of AoA and if there are any the same shall be deleted.
83. LM is advised to disclose separate risk factor on wrong delivery or food quality leading to cancellation of orders resulting in offering compensation to users. LM is also advised to disclose adverse impact of the same on operations and profitability.
84. LM shall ensure that the main/sub-headings in the UDRHP-I/UDRHP-II/RHP shall not have any abbreviations. The main/sub-headings shall be in fully expanded form with its abbreviations in brackets.
85. **Financial information:** LM is advised to ensure that the financial information provided in UDRHP-I/UDRHP-II/RHP is not more than 6 months old from the issue opening date.

LM is further advised to comply with the conditions specified in the Schedule VI of SEBI (ICDR) Regulations, 2018 while disclosing the financial information in UDRHP-I/UDRHP-II/RHP.

LM is advised to ensure that Restated Consolidated Financial Statements are prepared as per relevant Indian Accounting Standards and calculation of Operating Profit to check the eligibility under Regulation 6 of SEBI (ICDR) Regulations, 2018 are in line with established practices.

86. LM is advised to disclose the information in respect of inspection observations or any ongoing inspections initiated in respect of the promoters/ promoter group companies/ subsidiaries / group companies by other regulators.

87. LM is advised to provide an undertaking that all the material issues, observations or any other matter initiated by the sectoral regulator has been suitably disclosed by the Company.
88. **Government and other approvals:** LM is advised to clearly disclose whether all approvals which are required to be sought in relation to the business of the company are in place. If no, LM is advised to include a separate risk factor with respect to the same.
89. **Industry Overview:** The LM shall exercise due diligence and satisfy himself about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer document. In view of the same, LM is advised to ensure that:
- The 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 “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.

LM is advised to ensure that at all places, where the Industry Report has been mentioned, such report to be provided in bibliography / or as weblink. The Report to be included as a material document.

90. **Our subsidiaries:** LM is advised to include a gist of financial information such as revenue, cost, profit/loss, borrowing, net worth, etc. of the subsidiaries in the UDRHP-I/UDRHP-II/RHP.
91. The LM is advised to ensure that the disclosures in abridged prospectus and front cover page of the offer document are in compliance with the SEBI Master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023.
92. LM is advised to ensure compliance with the below email advisory sent to AIBI through email dated November 13 and November 15, 2021 :
- LM shall ensure that all issuer companies filing offer document should provide - Price at which specified security was acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right to nominate directors or any other rights. Following details may be disclosed for such transactions in tabular format – name of acquirer, date of acquisition, number of shares acquired and acquisition price per share.*
 - The portion pertaining to “Risks to Investors” shall constitute at least 33% of the price band advertisement space.*

- c. *The risks to investors shall include weighted average cost of acquisition of all shares transacted in last 3 years and 1 year, from the date of RHP, in the following format :*

<i>Period</i>	<i>Weighted Average Cost of Acquisition (in Rs.)</i>	<i>Cap Price is 'X' times the Weighted Average Cost of Acquisition</i>	<i>Range of acquisition price: Lowest Price - Highest Price (in Rs.)</i>
<i>Last 1 year</i>			
<i>Last 3 years</i>			

- d. *The font size for price band and "Risk to investors" should be increased to match the font of BID/Offer Programme.*
- e. *Matters related to ASBA and UPI may be brought subsequent to Price Band, Risks to Investors, Bid/ Offer Programme and other offer details, and can be of smaller font. The portion pertaining to "BRLMs" shall not constitute more than 10% of the price band advertisement space.*

93. LM is advised to suitably incorporate the comments of the stock exchanges, if any in the UDRHP-I/UDRHP-II/RHP.
94. LM is advised to disclose inter-se agreements/ arrangements between the shareholders in the UDRHP-I/UDRHP-II/RHP.
95. LM 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.
96. 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.
97. At 'Offer procedure' LM is advised to remove the following:
Our Company, the Selling Shareholders, the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus..

98. 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.
99. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with Other Regulatory Authorities is made in the UDRHP-I/UDRHP-II/RHP.
100. 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 Red Hearing Prospectus and other Offer related material along with the disclosures of the Financial Impact of the same, if any.
101. 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, are incorporated in the UDRHP-I/UDRHP-II/RHP along with appropriate risk factors in this regard.
102. 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 PDRHP 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. LM is also advised to ensure that the Price Band ad shall contain risk factors related to business and financials.

103. LM is advised to ensure that the Price Band ad shall contain risk factors related to business and financials of the Company.
104. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
105. LM is advised to ensure that the issuer shall be in compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957.

Annexure II

General Observations

1. LM is advised to ensure that prior to filing of RHP with Registrar of Companies, the Issuer Company has received crucial clearances / licenses / permissions / approvals from the required competent authority which are necessary for commencement of the activity for which the issue proceeds are proposed to be utilized.
2. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
3. LM is advised to ensure that cover page to be strictly in compliance with the ICDR Schedule VI- all extra texts may be avoided to ensure that the focus remains on the statutory texts mentioned in the Schedule.
4. LM is advised to ensure compliance of relevant circulars issued by SEBI in addition to circulars specifically mentioned in this observation letter.
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 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 RHP 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.
7. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
8. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
9. In pursuance of Regulation 59C(8) of SEBI (ICDR) Regulations, 2018, LM is advised to certify while submitting the in-seriatim reply that all amendments, suggestions and observations advised by SEBI have been complied with and duly incorporated in the offer document, while also indicating the page number for the same.

10. 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.

11. 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

6

now available in ASBA for retail individual investors.

** ASBA is a better way of applying to issues by simply blocking the fund in the bank account.*

For further details check section on ASBA below.”

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

“ASBA has to be availed by all the investors except anchor investors. UPI may be availed by Retail Individual Investors.

For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section “Issue Procedure - Issue Procedure of ASBA Bidders” beginning on page xxx of the Red Herring Prospectus. The process is also available on the website of AIBI and Exchanges in the General Information Document.”

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