



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

सहायक महाप्रबंधक Assistant General Manager  
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SEBI/WRO/OW/P/RB/NB/2022/48232/1

September 13, 2022

**Edelweiss Financial Services Limited**

6<sup>th</sup> Floor, Edelweiss House,  
Off CST Road, Kalina, Mumbai – 400 098

**Kind Attention: Mr. Sachin Khandelwal/ Mr. Lokesh Singhi**

महोदय,

Dear Sirs,

**विषय /Sub: Inox Green Energy Services Limited का प्रस्तावित आईपीओ /Proposed IPO  
of Inox Green Energy Services Limited**

उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट), भारतीय प्रतिभूति और विनिमय बोर्ड (सेबी) द्वारा मांगे गए स्पष्टीकरणों और उसके संबंध में दिए गए उत्तरों के संदर्भ में, यह सूचित किया जाता है कि इनकी 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 रजिस्ट्रार के पास प्रस्ताव दस्तावेज दाखिल करने से पहले उन कमियों को दूर करें और संबंधित प्रावधानों तथा दिए गए अनुदेशों का पालन करें। उपरोक्त के संबंध में की गई टिप्पणियों का और जिन शर्तों आदि का पालन किया जाना है, उनका जिक्र संलग्नक 'I' और संलग्नक 'II' में किया गया है। कृपया यह भी नोट करें कि संलग्नक में जो कमियाँ बताई गई हैं / कुछ और प्रकटीकरण (डिस्क्लोज़र) करने की बात कही गई है, यह सब आपको केवल उदाहरण के तौर पर ही बताया गया है। यह सुनिश्चित करने की जिम्मेदारी आपकी है कि सभी और सही प्रकटीकरण किए जाएं।

With reference to the draft offer document in respect of captioned issue, clarifications sought by SEBI and the replies submitted therein, it is stated that on scrutiny of the same, deficiencies / instances of non-compliance of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as SEBI (ICDR) Regulations, 2018) and instructions have been observed, which are required to be rectified / complied with by you before filing the offer document with the Stock Exchange and/ or ROC. Observations on the captioned issue and other conditions to be complied with are indicated in Annexure 'I' and 'II'. It may be noted that the deficiencies / requirement of additional disclosures listed in the Annexure are merely illustrative and not exhaustive. It is your responsibility to ensure full and true disclosures.

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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 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 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 [पँजी 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.

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3. यह भी पूरी तरह से स्पष्ट किया जाता है कि यद्यपि इस बात की जिम्मेदारी मुख्य रूप से निर्गमकर्ता (इश्युअर) कंपनी की होती है कि प्रस्ताव दस्तावेज में समस्त जरूरी जानकारी प्रकट की जाए और जो सही और पर्याप्त हो, फिर भी अग्रणी प्रबंधकों (लीड मैनेजर्स) से अपेक्षित है कि वे यह सुनिश्चित करने के लिए पूरी तत्परता (ड्यू डिलिजेंस) बरतें कि कंपनी अपनी जिम्मेदारियाँ सही ढंग से निभाए, और इसी उद्देश्य से अग्रणी प्रबंधकों ने भारतीय प्रतिभूति और विनियम बोर्ड (मर्चेन्ट बैंकर्स) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख June 17, 2022 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 June 17, 2022, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

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

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

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

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

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





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

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

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

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

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

7. प्रस्तावित निर्गम (इश्यू) इस अभिमत पत्र के जारी होने की तारीख से 12 महीनों के भीतर पैसा लगाने (अभिदान करने / सब्सक्रिप्शन) के लिए खोला जा सकता है।

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

स्थान /Place: अहमदाबाद /Ahmedabad

  
13/09/2022

Nitesh Bhandari  
सहायक महाप्रबंधक  
Assistant General Manager

Encl. : As above  
संलग्नक: जैसा ऊपर है



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**Annexure I**

**OBSERVATIONS**

1. Please refer to our communication dated July 8 and 29, 2022, and August 5 and 30, 2022, and your reply vide letters dated July 15, 2022, August 1 and 11, 2022 and September 2, 2022, and all other correspondences exchanged.
2. With regard to the above, LM is advised to ensure that the changes made pursuant to our initial clarifications and all correspondences exchanged are duly incorporated in the updated DRHP and RHP.
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 DRHP / RHP.
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. With regard to disclosing details of lead manager(s) on front outside page of draft offer document and the offer document, LMs are advised that all lead manager(s) are uniformly to be identified as Book Running Lead Manager(s) (BRLMs) without making any differentiation between lead manager(s). Lead Manager(s) / BRLMs, term is as per SEBI (ICDR) Regulations, 2018. Details regarding BRLMs acting as Global Coordinators / Joint Global Coordinators may be provided at section on inter-se allocation of responsibilities in the draft offer document and the offer document.
6. **Summary of the Offer Document-** Simple conversational language to be used. No abbreviations shall be used.
7. **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. LM is advised to ensure that, abbreviations/ defined terms used in the body of the Offer Document should be suitably defined in the section titled 'Definitions and Abbreviations'.
8. In the table of pending litigations, contents be arranged giving priority to those litigations having material impact on the financials and include the details of provisioning (including Quantum, if quantifiable) done by the company for the probable liabilities, if any. Also, mention the amount reflected as Contingent Liabilities with respect to the outstanding litigations, if any. Further, disclose contingent liabilities as a percentage of net worth.

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9. With respect to acquisitions/slump sale/business transfer agreement made by/entered into by the issuer company/subsidiaries, mention whether an independent valuation report was obtained for the same. If so, the same may be disclosed and included as a material document for inspection. If not, a Risk factor to this effect may be stated along with the basis for arriving at the consideration. If such transaction(s) have happened with a related party, the same may be stated. Also, provide details of unsuccessful instances of strategic investment, if any, in past 3 years and effect of the same on profit shall be disclosed.
10. In the event an excerpt/ information is taken from a report, disclose that the same has been sourced from the relevant report (name of report, name of report provider and date).
11. Since the IPO proceeds are being used to repay/ prepay borrowing, please disclose whether confirmation/ necessary approvals have been obtained from banks/ financial institutions to make repayment/ pre-payment of their borrowings, to the extent applicable. Also, disclose if consent from all lenders, in writing, has been obtained for the proposed IPO.
12. LM is advised to ensure to that all pre-IPO investors/ buyers are informed that the Issue may or may not be successful and the equity shares of the Company may or may not get listed. And the fact that such information have been shared with all pre-IPO investors/ buyers should be disclosed in the Offer Document.
13. LM is advised to ensure to disclose the details of all profit sharing arrangements involving the Issuer, promoters, promoter group, directors and shareholders, if any or include a declaration of no such agreement in the DRHP in this regard.
14. LM is advised to disclose changes in credit ratings in the last 3 years.
15. LM is advised to rearrange Risk factor (RF) 7 as RF 2 and RF 15 as RF 3. In addition, LM is advised to ensure that RF 32 and 38 are included in the Top 10 RF. RF 23 and 28 (either combined/ as separate RF), RF 17, 30 and 31 are included in top 15. In addition to the above, LM is advised that remaining RF are suitably rearranged based on materiality in the following order:
  - i) - Risks based on Operational and Financial Performance
  - ii) - Risks based on Auditors Qualifications
  - iii) - Risks based on Regulatory Actions and Regulatory Compliances
  - iv) - Business Risks
  - v) - Other Risks
  - vi) - External Risks



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16. Risk Factor 2 and 19: LM is advised to disclose a separate RF in relation to non-renewals and existing clients moving from Comprehensive Service Agreement to agreements limited to Common Infrastructure Facility (CIF). Also, considering that the existing clients have changed their agreements from Comprehensive to CIF only, the term “no such instances has occurred in the past” may be reworded accordingly.
17. Risk Factor 4: The heading and the contents may be suitably modified to provide greater clarity that the order book being discussed is that of the Promoter Company and not that of the issuer company. Similarly, changes and clarity may be brought out at all places including Page 165. Non-Binding contracts in relation to the order book, if desired to be included in the Offer Document, shall be included in a separate table/ bullet rather than including them alongwith the binding contracts.
18. Risk Factor 15: The RF may be suitably modified to indicate the amount of potential liability in case of defaults by Resco and other parties to the agreement.
19. Disclose a Risk Factor in relation to past instances of delays and defaults in payment of statutory dues.
20. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.
21. LM is advised to ensure that, where Risk Factors portray possible occurrences of certain events or situations, such Risk Factors should also indicate whether such events or situations have actually taken place in the past. If not, it should be clearly mentioned that no such events had happened in the past.
22. In Risk Factor relating to existing financing arrangements, confirm whether the company has violated any of the restrictive covenants/events of default or undergone rescheduling for repayment of loans in the past three fiscal years with respect to the debt financing that the company has availed.
23. Any instance of promoter’s personal guarantees and/or company guarantees being invoked in the past 3 fiscal years and/or loan defaults to be disclosed as a separate Risk Factor.



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24. LM shall disclose a separate risk factor on any notice issued by any regulatory/ statutory authorities regarding disconnection of connectivity of pooling substations of Promoter/ Group Company wherein issuer is providing O&M Services and impact of such action on the issuer company in Top 15 Risk Factors.
25. LM is advised to disclose what percentage of total expenditure is denominated in foreign currency and specific foreign exchange risk associated with the same, if any.
26. LM is advised to ensure that the details of all the criminal matters initiated against the company, group companies, directors, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the RHP along with appropriate risk factors in this regard.
27. In relation to complaints received or to be received, please ensure:
- With respect to all the complaints received by LM/Company and complaints forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures, if required, are made in the Red Hearing Prospectus and other Offer related material along with the disclosures of the Financial Impact of the same, if any. Further, LM is advised to incorporate a prominent Risk Factor, if required, for such complaints received.
  - LM is advised to ensure that the details of all the criminal matters initiated against the Company, its Promoter(s) and/or Promoter group, its group companies, its directors, its subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the RHP along with appropriate risk factors in this regard.
  - LM to disclose all the complaints received so far (including those forwarded by SEBI for comments) under material documents available for inspection along with their respective replies.
28. Under the chapter, our business, the LM is advised to bring greater clarity regarding the business of the Issuer Company specifically differentiating the O&M Comprehensive Service, O&M of WTGs and services relating to the common infrastructure facility.
29. LM is advised to clearly segregate the non-binding LoI for 524.70 MW from that of the order book of IWL. A separate point/ table/ bullet may be included for the same rather than clubbing it with confirmed orders (unless the order is confirmed and binding).





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30. LM is advised to disclose updated computations of EPS (if applicable), NAV, and all other ratios based on number of equity shares outstanding as on date at all places/sections of the offer document.
31. LM is advised to disclose average number of contract workers on annual basis for the last three financial years at all places in the offer document.
32. All the issue related Advertisements shall be placed on the website of the issuer company.
33. Clause 24 (3) of SEBI (ICDR) Regulations, 2018, requires LM to exercise due diligence and satisfy himself about all aspects of the issue including the veracity and adequacy of disclosures in the offer document. In view of the same, LM is advised to ensure that:
- The offer document shall not contain any information (including disclaimers under Industry Overview) 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 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.
34. LM shall disclose whether there has been a change in auditor(s) before completion of the appointed term (in any of the past five fiscal years), and the reasons thereof.
35. LM is advised to ensure that in the price band advertisement, there is a minimum 5% difference between the floor and cap price.
36. LM is advised that Market Value at Issue Price to Total Turnover and P/E Ratio at issue price shall be added in Price Advertisement. LM is also advised to add a suitable risk factor in this regard.

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37. Irrespective of materiality, the LM is advised to disclose ongoing litigation involving Inox Wind Energy Limited/ IRL with Rajasthan Rajya Vidyut Prasran Nigam Limited, as disclosed vide your letter dated August 11, 2022 (at Point 13) under the head 'Other Litigations'
38. Please refer to the complaint dated September 1, 2022 from M/s. Shanxi Tianbao Group Co. Limited (specifically and not limited to Para 3 of the complaint). Necessary changes/ clarifications/ disclosures may be carried out in the offer document in this regard.

**Basis for Offer Price:**

39. LM is advised to disclose the key performance indicators (KPIs) of the business of the Issuer Company that have been considered/have a bearing for arriving at the basis of offer price. Further, LM is advised to make the following disclosures in respect of KPIs:
- Provide disclosure on appropriate KPIs for this section, why they are material to understand the business of the Issuer Company and how they have been used by the management historically to analyse, track or monitor the operational and/or financial performance of the issuer company.
  - Provide explanation regarding how KPIs contribute to form basis for offer price.
  - Issuer Company shall disclose all material KPIs that have been shared with any pre-IPO investor at any point in the three years prior to IPO [DRHP filing]. A cross reference shall be provided for KPIs which are not considered for basis of offer price section but are disclosed in other sections of the offer document. Similarly, a cross-reference shall be provided to a table disclosing KPIs which are no longer relevant along with explanation.
  - KPIs stated by Issuer Company shall be described and defined clearly, consistently and precisely and should not be misleading.
  - Comparison of KPIs over time to be explained based on additions or dispositions to the business, if any. For e.g., in case the Issuer Company has undertaken a material acquisition or disposition for the periods that are covered by the KPIs, the KPIs should reflect that and explain.
  - All KPIs to be certified / audited by statutory auditors or peer-reviewed independent Chartered accountant of the Issuer Company.

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vii) For KPIs disclosed by the Issuer Company, comparison with Indian listed peer companies and/ or global listed peer companies, as the case may be, shall be included (wherever available). For global companies, listed peer set would include companies of comparable size, in the same industry or with similar business model (if one to one comparison is not possible appropriate notes to explain the differences may be included).

viii) Where Issuer Company does not have any comparable Indian listed peers, comparison of key accounting ratios of the Issuer Company with global listed peers, as relevant and applicable (where ever available), for the most recent full year and interim period, may be disclosed, together with the source of information.

[Key accounting ratios as covered under para 9(k) of Schedule VI of ICDR or key KPIs, and any differences in definition with the peers (if any).]

ix) The Issuer Company shall continue to disclose these KPIs, on a quarterly and/or annual basis (as determined by the Issuer Company), for a duration that is at least the later of (i) three years after the listing date; and (ii) the utilization of the issue proceeds disclosed in the objects of the issue section of the prospectus. These ongoing KPIs should continue to be certified by the statutory auditor/ peer-reviewed independent Chartered accountant of the Issuer Company.

40. In respect of valuation of Issuer Company, LM is advised to disclose the following:

- i. Valuation of Issuer Company based on secondary sale/acquisition of shares (equity/convertible securities) excluding gifts *[where either acquisition or sale equal to or more than 5% of the fully diluted paid-up share capital of the Issuer Company (calculated on the date of completion of the sale), in a single transaction or a group of transactions in a short period of time]* in the 18 months prior to the date of filing of the DRHP / RHP. For such transactions, the following should be disclosed: names of transferors/ transferees, number of shares/ instruments, price per share/ instrument, date of transfer, transaction as % of issued capital at that time. Transfers made on the same date and same price can be aggregated.
- ii. Valuation of Issuer Company based on primary/new issue of shares (equity/convertible securities) *[equal to or more than 5% of the fully diluted paid-up share capital of the Issuer Company (calculated on the pre-issue capital on the date of allotment), in a single transaction or a group of transactions in a short period of time]* in the 18 months prior to the date of filing of the DRHP / RHP. For such transactions, the following should



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be disclosed: names of allottees, number of shares/ instruments, price per share/ instrument, date of allotment, transaction as % of post issue capital pursuant to the allotment. ESOPs and allotments to employee welfare trusts can be excluded. Allotments made on the same date and same price can be aggregated.

[For point i. and ii. –

(a) The acquisition cost is to be suitably adjusted for subsequent corporate actions such as bonus /share split etc.

(b) Disclosure shall be made for where issuer have gone under corporate restructuring such as merger /demerger]

- iii. With reference to two preceding points above, disclosure of floor price and cap price being [●] times the WACA, based on primary/ secondary transaction(s): [Based on issue price and not considering any discount for retail/ reservation category]:

	Floor price Rs. (●)	Cap Price Rs. (●)
WACA* of Primary issuance in last 18 months#	(●) times	(●) times
WACA* of secondary transactions in last 18 months#	(●) times	(●) times
*WACA – Weighted average cost of acquisition #Equivalent or more than 5% of the fully diluted paid-up share capital [excluding employee stock options granted but not vested]		

- iv. Explanation for offer price / cap price being (●) times of the Primary issuance price / Secondary transaction price (as stated in table above), as the case may be, along with comparison of the Issuer's KPIs and financials ratios viz. EPS, P/E Ratio, Return on net worth, Net asset value etc. for the last full financial year and interim period (if any) included in the offer document.
- v. Recommendation of the Committee of Independent Directors in the price band advertisement that the price band is justified giving quantitative factors / KPIs [recommendation may be provided vis-à-vis the WACA in last 18 months in case there are primary / secondary transaction(s) in trailing 18 months].

**41. Legal and Other Information-**

- i. LM is advised to identify and include risk factor for material litigation, if any, which may adversely affect the company.

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- ii. LM shall update the details of the status of litigation with the latest/ updated position of litigations against promoter/ promoter group entities/ company and the companies promoted by the issuer.
  - iii. LM is advised to ensure the disclosures of all actions taken by the statutory and regulatory authority.
42. LM is advised to adhere to the following conditions:
- i. UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
  - ii. UDRHP shall contain necessary updated disclosures *justifying the offer price* under Section – “Basis for offer price”, “Risk Factors” etc., particularly emphasizing on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration, P/E ratio in case DRHP is filed under Regulation 6 (1) of the ICDR Regulations (and /or) Market Cap / Total Revenue ratio in case DRHP is filed under Regulation 6(2) of the ICDR Regulations), with corresponding suitable explanations so as to justify the offer price.
43. LM is advised to specifically mention in the RHP that all special rights available to the Shareholders, will cease to exist upon listing of Equity Shares on the Stock Exchanges pursuant to the Offer, (without requiring any further action) except for rights subject to approval of the Shareholders by way of a special resolution, in a general meeting post listing of the Equity Shares.
44. Ensure that details of the Directors in the section titled “Management” clearly depicts if any director is a nominee. If so, please also disclose the details who have nominated them. Similarly, such details to be disclosed for the KMPs as well. Please also confirm that apart from that disclosed in the offer document, there are no other nominee directors, KMPs or other persons etc. appointed on behalf any of the shareholders or any other person.
45. LM is advised to verify and disclose if the name of any of the directors, promoter and promoter group persons is appearing in the list of directors of struck-off companies by ROC/ MCA. Also verify and disclose if the name of the promoter group companies and group companies is appearing in the list of struck-off companies by ROC/ MCA.
46. 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) 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.
- iii) Issuer Company shall provide details / information / certifications obtained from statutory auditors on the utilization of the Net Proceeds to the Monitoring Agency.
- iv) 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. For the purpose of same, the following expense heads as disclosed in offer document are to be considered:
  - i. Repayment and/or pre-payment of borrowings
  - ii. Redemption of Non-Convertible Debentures
  - iii. Funding growth opportunities
  - iv. Strengthening marketing capabilities;
  - v. Meeting ongoing general corporate contingencies;
  - vi. meeting fund requirements and other working capital requirements of our Company, in the ordinary course of its business;
  - vii. meeting expenses incurred in the ordinary course of business;
  - viii. any other purpose, as may be approved by the Board or a duly constituted committee thereof, subject to compliance with applicable law
  - ix. General corporate purposes.
- v) Issue Company shall in its quarterly Notes to Accounts of its Financial Statements include the employment of issue proceeds under various expense heads.

47. 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."*

*MB*



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- ii. Any adverse data (not limited to the following) in the basis for issue price should be disclosed:
- “Average cost of acquisition of equity shares for the selling shareholders in IPO is [to be disclosed] and offer price at upper end of the price band is [to be disclosed].”
  - “Weighted Average Return on Net Worth for [last three full financial years] is [to be disclosed] %.”

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

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

49. In respect of advertisement for announcement of Price Band, LM shall ensure the following is included:

- Recommendation of the Committee of Independent Directors that the price band is justified vis-à-vis the last round of fund raising giving quantitative factors / KPIs.
- The portion pertaining to “Risks to Investors” shall constitute at least 33% of the price band advertisement space.
- 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 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:

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



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- v. The font size for price band and "Risk to investors" should be increased to match the font of BID/Offer Programme.
  - vi. 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.
  - vii. The portion pertaining to "BRLMs" shall not constitute more than 10% of the price band advertisement space.
50. LM is advised to make the all the disclosures in the front cover page of the offer document as specified in SEBI Circular SEBI/HO/CFD/SSEP/CIR/P/2022/14 dated Feb 4, 2022.
51. In relation to the "Issuer's and selling shareholder's absolute responsibility", the statement that "The Selling Shareholder assume no responsibility for any other statements, including, inter alia, any of the statements made by or relating to our Company.", the LM is advised to ensure that language used in this section is strictly as prescribed in the Schedule VI of ICDR.
52. LM is advised to ensure to disclose all clauses/ covenants in agreements/ Articles which are material. Include a categorical statement from the issuer that there are no other agreements and the clauses/ covenants which are material which need to be disclosed and that there are no other clauses/ covenants which are adverse/ pre-judicial to the interest of the public shareholders. Also that there are no other material agreements other than those disclosed in the Offer Document.
53. While giving belief statements ("we believe .....") in the Offer Document please also provide the basis for making such disclosures in the Offer Document while also keeping in mind compliance with Regulation 24 (1) and Regulation 25 (2) (b) of the SEBI ICDR Regulations.
54. Outstanding overdues to material creditors uploaded on the Issuer's website should include names of each creditor and amount outstanding to each creditor.
55. Complete details of Selling Shareholders shall be disclosed including place of business, promoters/major shareholders (Significant Beneficial Owner), directors, binding requirements of the Selling Shareholders to dispose of the shares of the issuer, action taken by SEBI/ RBI/ overseas regulator, if any along with the built-up of equity share capital/preference share capital held by the said entity in the issuer.
56. In case of Issuer's consolidated financials contains significant contribution (10% and more) from its subsidiaries, LM shall be advised to disclose whether the balance sheets of the subsidiary are audited by peer reviewed auditor. In such cases, LM shall also disclose whether the corporate governance norms are being followed by the subsidiaries of the Issuer.

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57. LM to ensure that accounts of all the subsidiaries shall be audited and appropriately disclosed.
58. Incorporate an undertaking that the net proceeds from the issue if utilized for repayment of Borrowings / Loans not being indirectly routed to promoters, promoter group, group companies, associates and/ or related parties.

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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 the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
3. LM is advised to ensure that cover page to be strictly in compliance with the ICDR Schedule VI- all extra texts may be avoided to ensure that the focus remains on the statutory texts mentioned in the Schedule.
4. LM is advised to ensure that prior to proceeding with the issue, "No Objection Certificates" are obtained from all the lenders with whom the company has entered into an agreement and the terms of such agreement require an approval to be taken.
5. LM is advised to ensure that adequate disclosures are made to disclose any material development which may have a material effect on the Issuer Company between the date of registering final prospectus or the red herring prospectus or the letter of offer, with the Registrar of Companies or designated stock exchange, as the case may be, and the date of allotment of specified securities, while ensuring compliance with Regulation 42 and Schedule IX of SEBI (ICDR) Regulations, 2018.
6. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
7. In terms of SEBI Circulars No. SEBI/CIR/ISD/03/2011, No. SEBI/CIR/ISD/05/2011 and SEBI/CIR/ISD/01/2012 dated June 17, 2011, September 30, 2011 and March 30, 2012 respectively, LM is advised to ensure that 100% promoter holding is in demat form prior to listing.

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8. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
9. In pursuance of Regulation 25 Sub-Regulation 9(a) of SEBI (ICDR) Regulations, 2018, LM is advised to certify while submitting the in-seriatim reply that all amendments, suggestions and observations advised by SEBI have been complied with and duly incorporated in the offer document, while also indicating the page number for the same.

10. **ASBA:**

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

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

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

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

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

**ASBA \***

(APPLICATION SUPPORTED BY BLOCKED AMOUNT)

Simple, Safe, Smart way of Application !!!

**Mandatory in public issue .No cheque will be accepted**



*now available in ASBA for retail individual investors.*

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

*For further details check section on ASBA below."*

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

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

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

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