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October 30, 2023

सेबी/सीएफडी/RAC-डीआईएल1/P/OW/2023/43894/1
SEBI/HO/CFD/RAC-DIL1/P/OW/2023/43894/1

IDBI Capital Markets & Securities Limited

6th Floor, IDBI Tower,
WTC Complex,
Cuffe Parade
Mumbai - 400 005
Maharashtra, India

Kind Attention: Mr. Indrajit Bhagat/ Mr. Vimal Maniyar

महोदय,
Dear Sir,

**विषय /Sub: Indian Renewable Energy Development Agency Limited का प्रस्तावित
आईपीओ /Proposed IPO of Indian Renewable Energy Development Agency
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.

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 [पंजी 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 विनिमय बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख September 7, 2023 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

It should also be clearly understood that while the Issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the LMs are expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the LMs have furnished to SEBI a Due Diligence Certificate dated September 7, 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 विनिमय बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 के विनियम 25(1) और अनुसूची- III के अनुसार उपरोक्त निर्गम (इश्यू) के संबंध में फाइलिंग फीस की गणना किस प्रकार की गई है उसका एक विस्तृत विवरण, यथास्थिति, कंपनी रजिस्ट्रार के यहाँ प्रॉस्पेक्टस दाखिल किए जाने के सात दिनों के भीतर / स्टॉक एक्सचेंज के पास प्रस्ताव-पत्र (लेटर ऑफ ऑफर) दाखिल किए जाने के सात दिनों के भीतर, सेबी के पास प्रस्तुत कर दिया जाए और साथ ही अब तक अदा की गई फाइलिंग फीस का ब्यौरा भी दिया जाए।

The LMs are advised to ensure that a detailed calculation of filing fees in relation to the captioned issue in terms of regulation 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: मुंबई /Mumbai

Poonam

सहायक प्रबंधक
Assistant Manager



Annexure I

OBSERVATIONS

1. Please refer to our letter/email dated October 6, 2023 and your reply vide letter dated October 14, 2023, and October 19, 2023 and all other correspondences exchanged.
2. In the above regard, 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/ RHP/ Prospectus.
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/ Prospectus.
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. 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. LM is advised to ensure that the following details are provided in the UDRHP/RHP - Price at which specified security (including preference shares) 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.
7. **Summary of the Offer Document-** Simple conversational language to be used. No abbreviations shall be used.
8. **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.
9. 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.
10. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.
11. LM is advised to update *Industry Overview* section with updated recent information, as applicable. Further, all statements that are not verifiable and substantiated with figures shall be deleted.
12. 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:

- i. The offer document shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company / Expert.
 - ii. The "Industry Overview" section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor have any underlying assumptions been omitted for investors to make an informed decision.
 - iii. LM is further advised to include industry report in the list of material documents for inspection and also provide a link in the offer document for online access of industry report.
13. LM shall confirm 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.
 14. When disclosing the status of government approvals in the Risk Factors, LM is advised to include a cross reference with specific page numbers to other sections where the disclosures are made. If approval has a validity, the same shall be mentioned. Consequences of withdrawal of licenses/approval shall be provided.
 15. 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.
 16. LM is advised to rearrange the risk factors in order of importance/ materiality. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.
 17. LM is advised to disclose face value of equity shares of the company in *Details of the Offer* section on front cover page of DRHP.
 18. LM is advised to disclose impact of reclassification from Investment and Credit Company in January, 2008 to Infrastructure finance company in March, 2023 on lending business of the company at suitable section in the RHP. (refer LM reply dated October 14, 2023 - S No. 3)
 19. **Risk Factor 2-** LM is advised to update financial information as per latest audited financial statements.
 20. It is disclosed in Risk factor 2 that "An increase in interest rate can add to the financial stress of our borrowers, leading to higher delinquencies and reduced overall demand for our loans." LM is advised to disclose a separate risk factor for this risk. (Page 36)
 21. **Risk Factor 3-** LM is advised to disclose reasons for impairment of financial assets of Rs. 974.38 million and provide a cross-reference for complete disclosures related to impairment and reversal of impairment of financial assets. LM is advised

to update finance cost as percentage of total expenses and increase in benchmark rates as per latest available financial information.

22. **Risk Factor 4-** LM is advised to explain “...and, to the extent they materialize..” disclosed in the heading of Risk factor. LM is advised to confirm that all material instances of failure of projects/ schemes for which funding was done by company in last 3 FY has been disclosed.
23. **Risk Factor 6-** LM is advised to disclose details of outstanding amount of bonds and subordinated debt and this amount as percentage of total borrowings. Further, disclose latest position of credit rating issued by Brickworks.
24. It is disclosed in Risk factor 7 that “*In addition, competition in the RE sector may become more intense due to increased interest in the sector among domestic and international banks and finance companies, and we may incur additional expenses relating to customer acquisition and retention, further reducing our operating margins.*” LM is advised to disclose a suitable risk factor for the same. (Page 38)
25. **Risk Factor 8-** LM is advised to rephrase the heading of risk factor to disclose the risk clearly.
26. **Risk Factor 8-** LM is advised to disclose a separate risk factor for borrowings obtained from European Investment Bank and Agence Francaise De Development, details of breaches in covenants with these lenders and how this has impacted/ may impact the company.
27. **Risk Factor 8-** LM is advised to ensure consent for the Offer is obtained from AFD and Indian Bank before filing updated DRHP with SEBI.
28. **Risk Factor 9-** LM is advised to delete the word “*frequent*” from the sentence “.....*delay in payment to generators by DISCOMs, frequent policy changes can affect.....*”.
29. **Risk Factor 10-** LM is advised to disclose reasons for change in Gross NPA and Net NPA for reasons other than NPA classification also. Further, disclose whether there has been any instance of imposition of penalty/ compounding proceedings due to non-compliance with RBI prudential norms.
30. **Risk Factor 12-** LM is advised to move the risk factor to top 10. LM is advised to disclose financial impact on the company in absolute terms due to change in terms of PPAs entered into by DISCOMS.
31. **Risk Factor 13-** LM is advised to move down the risk factor below top 20 risk factors.
32. **Risk Factor 14-** LM is advised to disclose cross-reference to details of foreign currency borrowings and reasons for high exposure to foreign currency borrowings.



33. **Risk Factor 16-** LM is advised to disclose any monetary impact such as fine/ penalty or any other action that may arise against the company in case RBI does not accede to company's request for relaxation from credit concentration norms. LM is advised to disclose complete details of instances of breach of single borrower limit and two parties loans to which are in breach of credit concentration norms.
34. **Risk Factor 16-** LM is advised to disclose a separate risk factor for pending regulatory approvals and impact on company in case company is unable to obtain such approvals.
35. **Risk Factor 18-** LM is advised to move the risk factor to top 10.
36. **Risk Factor 19-** LM is advised to disclose complete details of RBI observations. LM is advised to disclose when the company responded to RBI observations in its inspection report for Fiscal 2022. Further, confirm that RBI inspection has been done only for Fiscal 2022 during the last 3 FY and no actions/ penalty has been imposed on the company by RBI.
37. **Risk Factor 20-** LM is advised to disclose in heading that revenue from the solar project decreased from FY 2022 to FY 2023. Further, disclose reasons for such decrease.
38. **Risk Factor 23-** LM is advised to disclose complete details of asset liability gap of the company in the risk factor and other relevant sections in the RHP.
39. **Risk Factor 27-** LM is advised to move the risk factor to top 20.
40. **Risk Factor 30-** LM is advised to disclose recovery percentage in respect of 10 cases which have been successfully resolved. LM is advised to disclose amounts of loans (slippage in NPA category and resolved by the company).
41. **Risk Factor 34-** LM is advised to disclose that penalties have been levied on the company by Stock Exchanges for certain non-compliances of LODR Regulations w.r.t. Debt Listed Companies in the last 3 financial years.
42. **Risk Factor 35 -** LM is advised to update details of exemption letter issued by SEBI in the RHP.
43. **Risk Factor 36-** LM is advised to disclose status of penalty order and when the order was passed and when appeal was filed against the penalty order.
44. **Risk Factor 45-** LM is advised to move the risk factor to top 10.
45. **Objects of the Offer-** LM is advised to disclose the absolute figures of current CRAR and Tier I & Tier II capital. The LM to disclose the extent of business / risk weighted assets that is required to be achieved by the issuer to meet the equity capital infusion in Tier I and Tier II. Till such time the issuer is not able to achieve the extent of business / risk weighted assets for the tier I and Tier II, how the proceeds of the IPO would be utilized and an appropriate RF for the same.



46. In page 105, LM is advised to disclose details of CRAR after Fresh Issue and Offer for sale.
47. In reference to challenges disclosed in Solar energy projects on Page 162 and 164, wind energy on Page 168, 170 and 172, Hydro projects- page 177 and 178, bioenergy related challenges- page 180, LM is advised to disclose these as suitable risk factors.
48. LM is advised to update Restated Summary of Assets and Liabilities/ financial information as per latest audited financial statements. Further, disclose reasons for consolidated financials in FY 2021 and standalone financials thereafter in notes to the table. (Page 75)
49. LM is advised to disclose a suitable risk factor related to “*loss on hedging instrument in cash flow hedge reserve*” for the last 3 FY. (Page 76-77)
50. LM is advised to disclose in *Capital Structure* section and at all relevant places in the RHP, details of pre-IPO and Post IPO shareholding of Promoter (President of India) and that of public shareholders in a tabular format. Further, LM is advised to confirm that the company shall be in compliance with Minimum Public shareholding (MPS) related compliances required upon listing and post listing. Further, disclose MPS compliance and their timelines applicable to the company.
51. LM is advised to clarify whether the company is both an NBFC non-deposit taking and a Public financial institution. Further, disclose the same in *Monitoring utilisation of funds* paragraph. (Page 108)
52. LM is advised to disclose details/ breakup of revenue from consultancy services. (Page 257)
53. In table disclosed on page 260, wherever disbursement is more than sanctioned amount, LM is advised to disclose a note for its reasons, i.e. spill over from last year, etc.
54. In notes to table disclosed on page 265, LM is advised to disclose credit ratings for masala bonds.
55. LM is advised to add a column disclosing details of credit rating for all bond issuances. (Page 266)
56. LM is advised to define “*Issuer not cooperating category*” and reasons for the same. (Page 269)
57. In reference to challenges disclosed related to NBFCs on page 230, LM is advised to disclose a suitable risk factor.



58. In page 268, *Our Credit Ratings* disclosure, LM is advised to disclose ratings for the last 3 FY.
59. In reference to outstanding litigations against the company by Enforcement Directorate under PMLA (Page 571), LM is advised to incorporate a suitable risk factor disclosing implication of these litigations on the company and other stakeholders (public shareholders, etc.)
60. LM is advised to disclose complete details of outstanding litigations against the company by Enforcement Directorate under PMLA (Page 571).
61. LM is advised to disclose impact of pending proceedings against the company by regulatory and statutory authorities and also update the same in relevant risk factor. (Page 571)
62. LM is advised to disclose a suitable risk factor related to special rights available to Promoters as per the company's AoA and DPE Guidelines as the company is a CPSE.
63. LM is advised to disclose date of sanction/ tenure of loans taken from banks/ financial institutions in the table disclosed on page 267.
64. LM is advised to disclose an additional risk factor related to low recovery rates on the balance of Gross NPA for last 3 FY. (Refer LM reply dated October 14, 2023 - S No. 14(u))
65. LM is advised to confirm that accounting for Right of use assets and lease liabilities has been done in compliance with Ind AS 116.
66. LM is advised to disclose detailed reasons for increase/ decrease in Balance sheet and Profit and Loss items in *Management's Discussion and Analysis of Financial Condition and Results of Operations* section as per updated financial statements, as applicable.
- 67. Legal and Other Information-**
- LM is advised to identify and include risk factor for material litigation, if any, which may adversely affect the company.
 - 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.
 - LM is advised to ensure the disclosures of all actions taken by the statutory and regulatory authority.
68. LM shall disclose the details of the pledged shares held by the promoters/promoter group in the Issuer Company / its subsidiaries.



69. 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.
70. 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.
71. 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.
72. 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.
73. LM to disclose all the complaints received so far, if any and forwarded by SEBI for comments be under material documents available for inspection along with their respective replies.
74. 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.
75. 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.



76. 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.
77. LM is advised to include a reference to the circulars CFD/DIL2/CIR/P/2018/22 dated Feb 15, 2018 and CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 at all applicable sections in DRHP.
78. 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:
- 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."*
 - 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]%. "*

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.

79. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
80. 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.



- iii. 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.
- iv. 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			

- 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.
81. LM shall ensure that the details with respect to Fresh Issue and Offer for Sale be separately disclosed in the Price Band advertisement and details of selling shareholders be presented in a tabular format.
82. LM shall ensure that the range of acquisition price (lowest price-highest price), as disclosed in the RHP and Price Band advertisement, should not be ‘Nil’ and be computed exclusive of bonus and gift.
83. LM is advised to disclose major risk factors concisely in the “Risk to investors” section of the Price Band Advertisement.
84. LM is advised to disclose the description of business of the Issuer Company with respect to product and services manufactured /sold, in simple language to be included in Price Band Advertisement.
85. LM is advised to disclose “P/E ratio at floor price and at cap price” is to be included after mentioning the No. of times the floor price and cap price is of face value in Price Band Advertisement.
86. LM shall ensure that the details of past issues handled by BRLMs, which closed below the offer price on the listing date, to be published in the below mentioned format:



BRLMs	Total Issues	Issues closed below IPO Price on listing date
BRLM 1		
BRLM 2		
BRLM 3		
Common issues of above BRLMs		
Total		



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 Regulation 7.(1)(c) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Regulation 31.(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Issuer Company and the Lead Manger are advised to ensure compliance with the requirement pertaining to shareholding of promoter(s) and promoter group to be held in dematerialised form.
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

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**.**List of banks supporting UPI is also available on the website of SEBI at **www.sebi.gov.in****.*
