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February 16, 2024

SEBI/HO/CFD/RAC-DIL2/P/OW/2024/6496/1

IDBI Capital Markets 7 Securities Limited  
6<sup>th</sup> Floor, IDBI Tower,  
WTC Complex,  
Cuffe Parade, Mumbai- 400005.

**Kind Attention: Shri Ankit Agarwal**

Madam / Sir,

**Sub: Proposed Rights Issue of Hindustan Construction Company Limited**

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

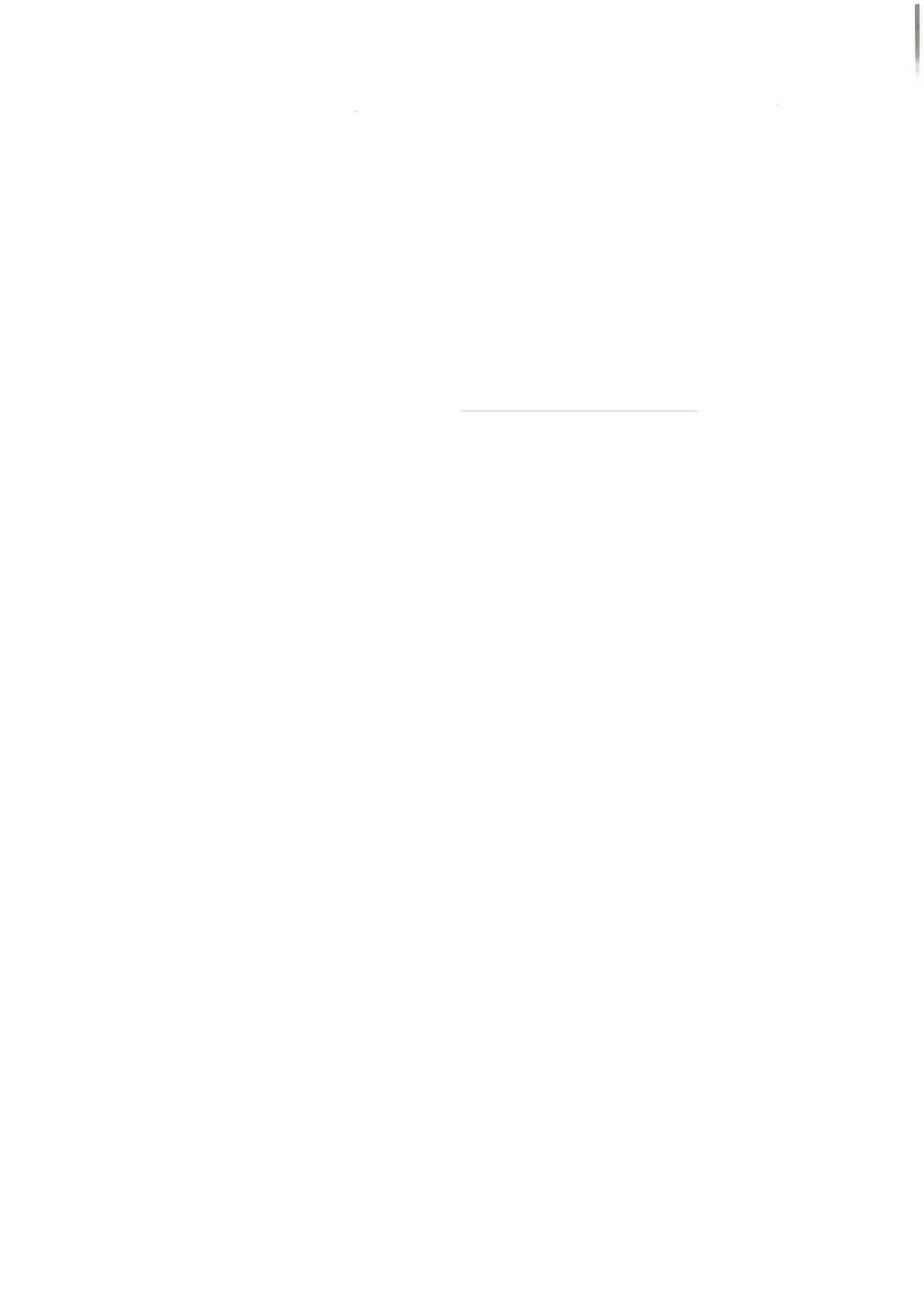
With reference to the draft letter of offer (DLOF) in respect of captioned issue, clarifications sought by SEBI and the replies submitted therein, it is stated that on scrutiny of the same, deficiencies / instances of non-compliance of SEBI (Issue of Capital and Disclosure Requirements) Regulations,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

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

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

3. 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 LM has certified that the disclosures made in the offer document are generally adequate and are in conformity with SEBI regulations for disclosures and investor protection in force for the time being. The LM is advised to ensure the same with respect to SEBI (ICDR) Regulations, 2018. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.



4. यह भी पूरी तरह से स्पष्ट किया जाता है कि यद्यपि इस बात की जिम्मेदारी मुख्य रूप से निर्गमकर्ता (इश्युअर) कंपनी की होती है कि प्रस्ताव दस्तावेज में समस्त जरूरी जानकारी प्रकट की जाए और जो सही और पर्याप्त हो, फिर भी अग्रणी प्रबंधकों (लीड मैनेजर्स) से अपेक्षित है कि वे यह सुनिश्चित करने के लिए पूरी तत्परता (ड्यू डिलिजेंस) बरतें कि कंपनी अपनी जिम्मेदारियाँ सही ढंग से निभाए, और इसी उद्देश्य से अग्रणी प्रबंधकों ने भारतीय प्रतिभूति और विनियम बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख December 14, 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 December 14, 2023 in accordance with SEBI (Merchant Bankers) Regulations, 1992.

5. 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.

6. 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.**

7. 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

The LMs are advised to ensure that a detailed calculation of filing fees in relation to the captioned issue in terms of regulation 71(1) and Schedule III of the SEBI (ICDR) Regulations, 2018 is submitted to SEBI within seven days of filing the Prospectus with ROC / within seven days of filing the Letter of Offer with the stock exchange, as the case may be, along with details of filing fees paid till date.

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

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


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

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

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

The proposed issue can open for subscription within a period of 12 months from the date of issuance of this observation letter. You are requested to submit your response within 15 days of the receipt of this letter.

स्थान /Place: मुंबई /Mumbai

  
Abhishek Ranjan  
Assistant General Manager



Annexure I

OBSERVATIONS

1. Please refer to your letters dated January 25, 2024 and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. In the above regard, LM is advised to ensure that the changes made pursuant to our initial set of clarifications are duly incorporated in the updated Letter of Offer/Letter of Offer.
3. Wherever the LM has undertaken to modify the risk factors in its replies, the same shall be duly modified and incorporated in the updated Letter of Offer/Letter of Offer.
4. Wherever the LM has mentioned "Noted for compliance" or "Complied with and noted for compliance" in its replies, LM shall ensure that the same are duly complied with.
5. The LM is advised to make necessary disclosures and statements in respect of the show cause notices issued by SEBI to the group companies of the issuer. LM is advised to disclose the possible adverse impact of an order on the issuer at appropriate places including as a RF.
6. W.r.t. minimum subscription of the promoters, LM is advised that the letter of offer shall disclose in clear terms the minimum subscription to be made by the promoters/promoters group, whether the promoters/promoters group shall participate in the Rights offer or renounce their rights entitlement. The disclosure shall be precise without leaving any doubt for the public shareholders.
7. LM is advised to confirm and disclose whether all the material events as disclosed in the DLOF have been disclosed on the SEs in compliance with the applicable SEBI Regulations. Similar disclosures to be made for all the RFs disclosed in the RF itself and at other places in the document involving disclosure of material events or information
8. **Summary of Letter of Offer-** Simple conversational language to be used. No abbreviations shall be used.
9. Page 14 – LM is advised to disclose compliance with clause (1) of Schedule VI-Part B read with Regulation 70 (2) of SEBI ICDR Regulations, 2018.
10. Page 16 – The terms and conditions of the exemption to be clearly disclosed, including the date upto which the exemption is valid.
11. **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.
12. LM is advised to disclose the material terms of the resolution plan entered between the issuer and its lenders under section- *Our Business*.
13. LM is advised to disclose the material issues and disclosures pertaining to Lavasa Corporation Limited under section- *Our Business*. The disclosure shall also disclose the date since LCL ceased to be subsidiary of the issuer.
14. Risk Factors (RF), to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.

15. Risk Factors – Every Risk Factor shall be provided with a cross-reference to the detailed description of the facts/reasons in the updated Letter of Offer/Letter of Offer, wherever applicable.
16. RF 2 – LM shall disclose if there has been any increase in projects costs as compared to the contracted value, and financial impact of the same.
17. RF 3 – LM shall disclose the delayed projects for the disclosed financial period.
18. RF 8 – LM is advised to split the RF into multiple RFs dealing with each FY and the respective Auditor's qualifications. The RFs disclosure shall be made in active voice and disclose the impact of each qualifications on the issuer.
19. RF 11 and RF 12 – LM is advised to place the said RFs as and under top 5 RFs.
20. RF 11 - LM is advised to disclose the financial impact of the disclosed litigations if the risks as disclosed are materialized. The RF shall also in active voice of the issuer disclose the impact.
21. Additional RF – LM shall separately disclose as and additional RF the risks associated with the issuer if funds are not raised within the time period as agreed for in the resolution plan.
22. Additional RF – LM shall separately disclose as and additional RF the risks associated with the debt financing of LFL.
23. RF 15 – LM is advised to disclose the revenue contribution of the disclosed step-down subsidiary. The RF shall disclose whether the necessary approvals have been obtained or not. Further, the RF shall disclose whether the same forms part of the framework agreement.
24. RF 19 AND RF 20 – LM is advised to place the said RFs as and under top 15 RFs.
25. RF 19 - LM is advised to disclose the material covenants of the loan agreement including giving a cross reference to the exact para.
26. RF 20 – LM is advised to disclose whether the issuer is in compliance with SEBI LODR Regulations, in terms of the disclosure made in the said RF. If no, RF shall disclose the penalty to be imposed by the exchanges.
27. RF 20 - LM is advised to disclose the credit rating for the last 3 years.
28. RF 22- LM is advised to disclose the % of shareholding pledged. LM is advised to disclose the financial impact on the issuer on account of the breach of covenants. LM is advised to disclose the material covenants of the loan agreement. The RF to include active voice disclosure.
29. RF 28 - LM is advised to disclose the regulations under SEBI ICDR Regulations, barring distribution of offering materials to foreign jurisdiction. If no such Regulation, RF to be excluded.
30. RF 29 - LM is advised to disclose in details requirements of each disclosed form along with its impact on the issuer. Additionally, LM shall disclose whether non-filing of such forms have been disclosed on SEs.
31. RF 30 – LM is advised to disclose the revenue contribution of the JVs. LM is advised to disclose the details of the JVs under the RF or disclose it under an appropriate section and disclose a proper cross-reference for the same in the said RF.

32. RF 36 – LM is advised to disclose the number of approvals not provided by the Government or other agencies or cross-reference to be disclosed to an appropriate section. Based on the advised disclosure and resultant materiality, LM may place the said RF as and under top 25 RFs.
33. RF 37 - LM is advised to disclose the specific details of the risks disclosed and materialized.
34. RF 41 - LM is advised to disclose a proper cross-reference disclosing the details of the mentioned bank guarantees.
35. RF 42 – LM is advised to place the said RFs as and under top 20 RFs. Disclose if the revenue is derived through a subsidiary or directly.
36. Additional RF - LM is advised to disclose as an additional RF, the details and risks of languishing/delayed/abandoned projects.
37. Objects of the issue – LM is advised to disclose at all appropriate places that objects of the proceeds towards GCP shall not be utilized towards Working Capital expenses.
38. Page 49 – LM is advised to disclose the holding levels for FY 21 as well.
39. Page 50 – Monitoring- LM is advised to disclose and ensure that Gross proceeds of the issue are monitored by the monitoring agency. Accordingly, disclosure of Net proceeds to be replaced with Gross proceeds.
40. Page 51 – To disclose in the document, if any person is holding any special rights, the nature of the right etc.,
41. Page 60 – LM is advised to disclose as separate RF the disclosures made on page 60 w.r.t. *weakness and threats*.
42. Page 71 – LM is advised to disclose as separate RF the disclosures made on page 71 w.r.t. *major challenges faced by the roads sector*.
43. LM as an introduction to the report shall disclose whether the report in DLOF/LOF is an abstract or complete report. LM shall further disclose whether any material information/detail has not been included. If not a confirming statement to be disclosed.
44. Page 90 – LM is advised to avoid using *key* to describe the issuer's business of *engineering and construction*. Similar, adjustments to be made at all appropriate places.
45. Page 98 – LM is advised to disclose the date of awarding of the disclosed completed projects.
46. Page 100 – LM is advised to disclose insured value in terms of the total asset value under the disclosed para on '*Insurance*'. If under-insured, LM is advised to disclose the same as an additional RF.
47. LM is advised to disclose the actions, if any, taken by the stock exchanges in the last 3 years, in LOF at appropriate places including RFs.
48. LM is advised to disclose summary of financial information in the Summary of the LOF, along with relevant accounting ratios.
49. LM is advised to disclose track record of dividend payment to shareholders for the last 3 years.





50. LM is advised to ensure that the disclosure of details of all the criminal matters initiated by or against the company, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the Letter of Offer along with appropriate risk factors in this regard.
51. LM is advised to update the Letter of Offer in respect to all pending litigations including for any legal notices where the Company is in receipt of such notices post filing of Draft Letter of Offer.
52. LM is advised to disclose the following in the Letter of offer:
- Rights Entitlements (REs) which are neither subscribed nor renounced on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.
  - If no application is made by the purchaser of REs on or before Issue closing date then such REs will get lapsed and shall be extinguished after the Issue Closing Date. No shares / other securities for such lapsed REs will be credited, even if such REs were purchased from market and purchaser will lose the premium paid to acquire the REs.  
Persons who have bought Rights Entitlements (REs), shall require to make an application and apply for shares / other securities offered under Rights Issue, if they want to subscribe to the shares / other securities offered under Rights Issue.

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**Annexure II**

**General Observations**

1. LM is advised to ensure that prior to filing of Letter of Offer with Registrar of Companies, the Issuer Company has received crucial clearances / licenses / permissions / approvals from the required competent authority which are necessary for commencement of the activity for which the issue proceeds are proposed to be utilized.
2. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
3. LM is advised to ensure that prior to proceeding with the issue, "No Objection Certificates" are obtained from all the lenders with whom the company has entered into an agreement and the terms of such agreement require an approval to be taken.
4. LM is advised to ensure that adequate disclosures are made to disclose any material development which may have a material effect on the Issuer Company between the date of registering final prospectus or the red herring prospectus or the letter of offer, with the Registrar of Companies or designated stock exchange, as the case may be, and the date of allotment of specified securities, while ensuring compliance with Regulation 83 and Schedule IX of SEBI (ICDR) Regulations, 2018.
5. LM is advised to ensure that exact cross-referencing of page numbers is provided in the letter of offer instead of general cross-referencing.
6. In pursuance of Regulation 71 Sub-Regulation 7(a) of SEBI (ICDR) Regulations, 2018, LM is advised to certify while submitting the in-seriatim reply that all amendments, suggestions and observations advised by SEBI have been complied with and duly incorporated in the letter of offer, while also indicating the page number for the same.
7. ASBA:
  - iii) LM is advised to ensure that sufficient number of Physical ASBA forms are printed and dispatched directly to all designated branches of SCSBs which are located in places of mandatory collection centres as specified in Schedule XII of SEBI (ICDR) Regulations, 2018, Syndicate Members and Registered Brokers of Stock Exchanges, the Registrars to an Issue and Share Transfer Agents (RTAs) and Depository Participants (DPs) registered with SEBI, at least two days before the opening of the issue. This shall be in addition to ASBA forms which shall be sent to controlling branch of SCSBs for sending to designated branches other than those located in mandatory collection center.
  - iv) 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:

## ASBA \*

Simple, Safe, Smart way of Application !!!

**Mandatory in public issue from January 01, 2016**

**No cheque will be accepted**

*\*Application supported by blocked amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account. For further details check section on ASBA below.\**

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

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

*For details on the ASBA process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "Issue Procedure - Issue Procedure of ASBA Bidders" beginning on page xxx of the Letter of Offer."*

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

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comparable industry scenario and the same is neither exaggerated nor any underlying assumptions have been omitted for investors to make an informed decision.

**Specific Clarifications:**

7. Page-13 – It is disclosed that “Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute ‘forward-looking statements’.” It may be noted that the letter of offer should not make any forward looking statements that cannot be substantiated. In view of the same, you are advised to confirm and explain compliance with aforesaid provision with respect to all such forward looking statements made in the DLOF.
8. In page 14, summary of consolidated financial statements, LM is advised to disclose clearly that data for period ended March 31, 2021 includes financial information for the period from March 4, 2020 to March 31, 2021 as the company was incorporated on March 4, 2020. Further, clarify/ disclose why data for few balance sheet items is not disclosed for period ended Dec 31, 2021.

**9. Summary of Draft Letter of Offer :-**

- a. LM is advised to disclose the below:-
  - Name of the Promoters
  - Size of the Issue
  - Summary of Consolidated Financial Statements

10. LM is advised to rearrange the risk factors based on materiality.

**11. Risk Factors:**

**11.1 Risk Factor 1 :-**

- a. LM is advised to bifurcate the risk related to Clientele profile of the company as below (illustrative only) :-
  - Overall exposure of clientele in the company
  - Risk related to delay in receipt of payments
  - Risk related to early termination
  - Performance Guarantee Risk
  - Risk related to delay in Execution
  - Other Operational risks
- b. LM is advised to consider re-drafting of the phrase :- “there may be considerations while awarding projects, which can be beyond our control.”
- c. LM is advised to explain the reasons for considering Revenue from Operations (on Standalone basis). Further, LM is advised to disclose the Revenue from Operations (on consolidated basis) also.
- d. LM is advised to explain whether the contract awarded by Government authorities or other entities funded by the Govt. of India or State Governments are direct contracts or a sub-contracting.

**11.2 Risk Factor 2 :-**

- a. LM is advised to disclose the total amount spend during last 3 FYs and stub period on Pre-Bidding Engineering Studies.
- b. LM is advised to disclose Expected Margin and Realized Margin for contracts closed during last 3 FYs and stub period.

**11.3 Risk Factor 3 :-**

- a. LM is advised to disclose standalone nos and consolidated nos both to ensure consistency in the disclosures being made in draft letter of offer.
- b. LM is advised to disclose Order Value vs Revenue Recognized for contracts closed during last 3 FYs and stub period.
- c. LM is advised to explain how delay in project may impact revenue to be recognized from the project (Or Order Book).
- d. LM is advised to disclose Cost overruns incurred by the company during last 3 FYs and stub period. Further, LM is advised to disclose liquidated damages during last 3 FYs and stub period.

**11.4 Risk Factor 4 :-**

- a. LM is advised to disclose instances where customer have appointed, at company's expense, a third party to complete the work. Further, LM is advised to disclose if there are any significant impact on operations and financials of the company due to such appointment.

**11.5 Risk Factor 5 :-**

- a. LM is advised to disclose the impact on financial statements for construction, financing and operational risk during last 3 FYs and stub period, if any.

**11.6 Risk Factor 6 :-**

- a. LM is advised to merge this risk factor with other relevant risk factors.

**11.7 Risk Factor 7 :-**

- a. LM is advised to disclose growth percentage considering revenue from operations (on standalone and consolidated basis) both.

**11.8 Risk Factor 8 :-**

- a. LM is advised to disclose entity wise Deferred tax assets being carried forward in the consolidated financial statements of the company.
- b. Considering the fact that the company was not able to pay its debt, LM is advised to explain the reason behind giving excess remuneration to Whole Time Directors.
- c. LM is advised to considering re-drafting of the risk factor and use the tabular form of representation for disclosing the qualifications :-



S. no.	Audit Report for the Period of (Audited/Unaudited)	Audit Qualifications

**11.9 Risk Factor 9 :-**

- LM is advised to disclose sub-contracting cost for last 3 FYs and stub period if any.
- LM is advised to disclose if there are any past instances for the events being mentioned in the risk factor. If not, a negative confirmation to be provided in the draft letter of offer.

**11.10 Risk Factor 10 :-**

- LM is advised to disclose cost of raw – materials procured during last 3 FYs and stub period if any.
- Further, LM is advised to disclose if there is any concentration in terms of suppliers. If yes, LM is advised to disclose cost of raw-materials procured from top 10 suppliers.

**11.11 Risk Factor 12 :-**

- LM is advised to clearly disclose in the Summary of draft letter of offer that this offer is being made in compliance with Framework agreement entered between company and their lenders. Such disclosures should be made at all relevant places and should strictly be made part of Price Band Advt and all other relevant disclosures to the prospective investors.
- LM is advised to disclose why repayment of outstanding borrowings is not made part of Objects of the Offer.
- LM is advised to bifurcate the risk factors into two risk factors one related with covenants in financing agreements and one related with Debenture Sale Purchase Agreement.

**11.12 Risk Factor 13 :-**

- LM is advised to clearly disclose in the Summary of draft letter of offer that this offer is being made in compliance with Framework agreement entered between company and their lenders. Such disclosures should be made at all relevant places and should strictly be made part of Price Band Advt and all other relevant disclosures to the prospective investors.
- LM is advised to disclose why repayment of outstanding borrowings is not made part of Objects of the Offer.
- LM is advised to disclose no. of OCDs outstanding as on date of DRHP and no. of equity shares (absolute and percentage terms both) that may be issued in case of any default.

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**11.13 Risk Factor 13 :-**

- a. LM is advised to clearly disclose in the Summary of draft letter of offer that this offer is being made in compliance with Framework agreement entered between company and their lenders. Such disclosures should be made at all relevant places and should strictly be made part of Price Band Advt and all other relevant disclosures to the prospective investors.
- b. LM is advised to disclose why repayment of outstanding borrowings is not made part of Objects of the Offer.
- c. LM is advised to disclose no. of OCDs outstanding as on date of DRHP and no. of equity shares (absolute and percentage terms both) that may be issued in case of any default.

**11.14 Risk Factor 15 :-**

- a. LM is advised to clearly demonstrate and disclose the impact on operations and financials of the company due to proposed sale of Steiner Construction SA.
- b. LM is advised to disclose details of buyer and the valuation of Steiner Construction SA.
- c. LM is advised to disclose shareholding pattern of Steiner AG and explain how the same is subsidiary of the company and not step-down subsidiary.

**11.15 Risk Factor 16 :-**

- a. LM is advised to disclose no. of total employees, no. of KMPs and no. of senior management in the company. (on consolidated basis)
- b. LM is advised to disclose rate of attrition during last 3 FYs and stub period, if any.

**11.16 Risk Factor 17 :-**

- a. LM is advised to disclose industry average for insurance coverage.

**11.17 Risk Factor 18 :-**

- a. LM is advised to disclose Cash Flows generated during last 3 FYs and stub period, if any vis a vis Order Book as on last day of the financial period.

**11.18 Risk Factor 20 :-**

- a. LM is advised to disclose if there is any change in Credit ratings during last 3 FYs and stub period.

**11.19 Risk Factor 21 :-**

- a. LM is advised to disclose types of claims which are not acknowledged as debts by the group.

**11.20 Risk Factor 24 :-**

- a. LM is advised to disclose interest expenses or finance costs during last 3 FYs and stub period.

**11.21 Risk Factor 25 :-**

- a. LM is advised to confirm if such non-compliance requires any action to be taken against the company in compliance of SEBI (LODR) Regulations, 2015.

**11.22 Risk Factor 26 :-**

- a. LM is advised to confirm if all the related party transactions executed during last 3 FYs are in compliance of SEBI (LODR) Regulations, 2015.

**11.23 Risk Factor 31, 32 and 33 :-**

- a. LM is advised to merge these risk factors with other relevant risk factors.

**11.24 Risk Factor 31, 32 and 33 :-**

- a. LM is advised to merge these risk factors with other relevant risk factors.

**12. General Information :-**

- a. LM is advised to delete the name of Advisors to the Issue.  
b. LM is advised to disclose if there is any change in Statutory auditors during last 3 FYs and stub period of the company.

**13. Objects of the Issue :-**

- a. LM is advised to explain how utilization of proceeds for statutory payments, employee related payments, payment to vendors/sub contractors, fees payable to advisors and intermediaries, pending project related liabilities will achieve future growth requirements of the company.  
b. LM is advised to substantiate the sudden increase in Working Capital requirements of the company. Further, LM is advised to explain the rationale behind increase/decrease in holding levels of debtors and creditors.

**14. Our Business :-**

- a. LM is advised to disclose the business model of the company in more lucid manner.  
b. LM is advised to disclose from End Customers and Revenue from Contracting Customers for last 3 FYs and stub period, if any.

**15. Miscellaneous :-**

- a. LM is advised to explain why accrued interest on total borrowings are not considered in Total Borrowings.  
b. LM is advised to list down all instances of non-payment of dues stated by the LM in the Draft letter of offer and subsequent restructuring plan submitted by the company.  
c. LM is advised to confirm the name of auditors of all the subsidiaries of the company and confirm if they have a valid peer review certificate on the date of signing of Audit report for FY 2023, FY 2022 and FY 2021.





- d. LM is advised to disclose the details of status of litigation with the latest/updated position of all litigations.
- e. LM is advised to confirm that the existing litigations are not so major that the issuer's survival is dependent on the outcome of the pending litigation.
- f. LM is advised to ensure the disclosures of all actions taken by statutory and regulatory authorities.

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