



निगम वित्त विभाग / Corporation Finance Department
रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार / Registration, Approval And Correspondences
निर्गम एवं सूचीबद्धता प्रभाग / Division Of Issues And Listing – I

SEBI/HO/CFD/RAC/DIL1/OW/2024/29244/1

September 12, 2024

Roshni Lahoti
Hem Securities Ltd.
203, Jaipur Tower
M.I. Road, Jaipur – 302001

Kind Attention - Ms. Roshni Lahoti

महोदय,
Dear Madam,

विषय / Sub: Enviro Infra Engineers Limited का प्रस्तावित आईपीओ / Proposed IPO of Enviro Infra Engineers 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.

SN



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 filing 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 विनियम बोर्ड (सेबी) के पास प्रस्ताव दस्तावेज (ऑफर डॉक्यूमेंट) दाखिल करने का अर्थ किसी भी तरह से यह न लगाया जाए कि सेबी द्वारा इसे मंजूरी प्रदान कर दी गई है। सेबी न तो इस बात की कोई जिम्मेदारी लेता है कि जिस स्कीम या परियोजना (प्रोजेक्ट) के लिए निर्गम (इश्यू) लाए जाने का प्रस्ताव है उसकी वित्तीय स्थिति अच्छी है और न ही इस बात की जिम्मेदारी लेता है कि प्रस्ताव दस्तावेज में दी गई जानकारी या व्यक्त की गई राय सही है। अग्रणी प्रबंधकों (लीड मैनेजर्स) ने यह प्रमाणित किया है कि प्रस्ताव दस्तावेज में जो प्रकटीकरण (डिस्क्लोज़र) किए गए हैं वे मोटे तौर पर पर्याप्त हैं और जो प्रकटीकरणों (डिस्क्लोज़र) तथा निवेशक संरक्षण के संबंध में उस समय लागू सेबी के विनियमों के प्रावधानों के अनुसार किए गए हैं। अग्रणी प्रबंधक यह भी सुनिश्चित करेंगे कि ऐसा भारतीय प्रतिभूति और विनियम बोर्ड [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.

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

SW

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 बैंकर्स) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख June 26, 2024 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

It should also be clearly understood that while the Issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the LMs are expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the LMs have furnished to SEBI a Due Diligence Certificate dated June 26, 2024 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 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 शेष फीस अदा किए जाने के संबंध में इन विनियमों की अनुसूची-III के प्रावधानों का पालन किया गया है।

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

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

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।

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

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

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

स्थान / Place: मुंबई / Mumbai

Smahala
(Sanjukta Mahala)
सहायक महाप्रबंधक



Annexure I

OBSERVATIONS

1. Please refer to our letter dated July 19, 2024, your letter dated August 09, 2024 and all other correspondences exchanged. In this regard, LM is advised to ensure that the changes made pursuant to our initial as well as subsequent set of clarifications are duly incorporated in the updated DRHP and RHP.
2. The LM to also ensure that the entire DRHP the language used is lucid, usage of abbreviations is limited, abbreviations to be used in the para, if already quoted in the same page /heading, any expressions, jargons or nomenclatures from other languages or not commonly used, are explained clearly at every place where they are used.
3. LM is advised to ensure that the disclosure of risk factors are based on materiality, to be supported by quantifiable data to bring out the risk and to make cross-reference the exact page no. of DRHP, wherein the details of information has been disclosed. 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 and RHP.
4. LM is advised to disclose the face value of the Issuer Company where the number of shares has been mentioned in the DRHP.
5. LM is advised make refer exact page no. of DRHP, wherein the details of information have been disclosed.
6. LM is advised to incorporate all the certificate certified by the Chartered Accountants under section Material contracts and documents for inspection.
7. 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.
8. With respect to "Summary of the Offer Document" LM is advised to use simple conversational language and no abbreviations shall be used.
9. With respect to the section "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.
10. With respect industry reports commissioned by third party agency, LMs are advised that draft offer document and the offer document, shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company/ Expert. The Issuer Company / BRLMs shall ensure that the "Industry Overview" section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor any underlying assumptions have been omitted for investors to make an informed decision.
11. LM is advised to include industry report in the list of material documents for inspection and also provide a link in the offer document including other material documents mentioned in the offer documents, for online access.

SN



12. LM shall ensure that the offer documents of the company should provide - Price at which specified securities were 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.
13. LM is advised that Market Value at Issue Price to Total Turnover and P.E. Ratio at issue price can be added in Price Advertisement. Also, LM is advised to add suitable risk factor in this regard.
14. The offer related expenses shall be deducted from the amounts received from 'Offer for Sale' and only the balance amount to be paid to the selling shareholders.
15. LM is advised to ensure that the usage of funds is as disclosed in the Objects of the Issue and any spill over from the intended objects of the issue to the GCP is not carried out by the issuer company.
16. LM shall disclose the details of the pledged shares held by the promoters / Issuer Company / its subsidiaries.
17. Related Party Transactions – LM is advised to ensure that the names of the related parties have been disclosed, for each transactions and for outstanding balances.
18. LM is advised to ensure that all the complaints received by LM/Company or forwarded by SEBI be made part of the material documents for inspection.
19. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in RHP.
20. During the interim period of issuance of observation and listing, for all the complaints received by LM/company and complaints forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures, if required, disclosures are made in the RHP and other 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.
21. LM is advised to update the financial information of the stub period in suitable places in the DRHP.
22. LM is advised to comply with disclosure requirements of Key Performance Indicators on recent amendment of SEBI (ICDR) (FOURTH AMENDMENT) Regulations, 2022 issued vide notification dated November 22, 2022.

Summary of the Offer Document

23. Summary of business: LM is advised to demonstrate and explain regarding specialized structural work of the Issuer Company and how it is different from the other companies in the same line of business.

SN



24. As regards Pre-IPO Placement, LM is advised to comply with the disclosures as per the SEBI e-mail dated May 29, 2024. The amount raised from the Pre-IPO placements should be utilized only for the stated object as specified under section object of the Issue. Also, the audit committee to ensure the usage of the said amount as stated in the DRHP.
25. Page 41 – Financing Arrangements – LM is advised to disclose the financial arrangement for the past three years.
26. LM to disclose in brief the revenue model of the company covering the various aspects of obtaining projects to competitive bidding process.
27. LM to disclose the bifurcation of revenue from projects and the maintenance in the last FY along with the percentage.

Risk Factors

28. LM is advised avoid abbreviations in the risk factors.
29. RF 1- LM to disclose the dependency on the Water and Wastewater Treatment Plants (WWTPs) & Water Supply Scheme Projects (WSSPs) funded by the Central and State Governments, by issuer company along with the percentage of revenue in the last three years from them in heading of RF. LM to disclose the risk due to not getting those tenders and change in Govt policies on the business of the issuer company.
30. RF 2 – LM is advised to disclose the rejection of bids due to technical failure, capability, execution capability etc. Also, disclose the negative statement, if there are no such projects are there. Also, disclose the percentage of business from EPC and HAM projects and risk associated with the same on the revenue of the issuer company. LM to discuss the revenue model of such projects and how the returns are realised from investments by Issuer Company.
31. RF 3 - LM is advised to disclose the risk due to employment of contract labours for civil construction work, as a separate RF under suitable heading.
32. RF 4 - LM is advised to disclose the amount of “performance bank guarantees” given by the issuer company and risk due to non-obtaining the same as separate RF. Also, LM to disclose the past instances of delay/ non performances and invocation of performance bank guarantees, liquidated damages paid (amount) and cost overrun (amount) in the said RF.
33. RF 5 – LM is advised to define the order book in the risk factor. Also, confirm and disclose that the order book contains only those projects which are awarded. LM to give statutory auditors certificate for the order book data disclosed and disclose the details of the same in DRHP where order book data is mentioned. Also disclose the same as material document for inspection.
34. RF 6 – LM is advised to disclose the name of joint venture, project awarded to whom, award date, appointed date, date of completion, terms and conditions etc.
35. RF 7 – LM is advised to disclose the details of third parties such as number of third parties, amount paid, obligation of 3rd parties etc.

SN



36. RF 8 - LM to disclose the percentage of executed projects (along with value of projects) through JV and value of ongoing projects through JV in the heading of RF. LM has stated that "judgement is awarded against the consortium, we may be responsible for the entire claim", LM to disclose the same in heading of RF.
37. RF 9 - LM is advised to disclose the details about the Kota project and define OMC in the present risk factor.
38. RF 11 – LM is advised to disclose the details of reason for negative cash flow.
39. RF 18 – LM is advised to disclose the earning for the past three years, amount unrealized and also, negative statement is there is no earning.
40. RF 22- LM to disclose the past instances of liability claims or claims for damages or termination of contracts for failure to meet project completion timelines or defective work, in the heading of RF.
41. RF 23- LM to update the details regarding objects of issue in the heading of Risk Factor. LM to mention the requirement of shareholder's approvals as per application laws in case of variation of use of issue proceeds. LM to confirm/ ensure compliance of the same.
42. RF 27 - LM is advised to disclose the executed projects in the range of 5-100 MLD in case of STP.
43. RF 28 – LM is advised to disclose the amount of Bank guarantee in the heading of RF.
44. RF 29 – LM is advised to bring more clarity regarding accessing funds in the capital markets.
45. RF 31- LM is advised to disclose the attrition rate.
46. RF 37 – LM is advised disclose more details including the reasons regarding objected trademark etc.
47. RF 41 - LM is advised to provide confirmation that whether the disclosure made in the industry report prepared by CARE is excerpt and there is no material information in the industry report has not been missed out.
48. RF 45 - LM is advised to disclose (i) three-year data for such losses vis.a.vis. insurance cover; and (ii) Any past instance of claim exceeding liability insurance cover be also disclosed.
49. RF 47 – LM is advised to disclose the details about bonus of the issuer company.
50. RF 54 – LM is advised to disclose the risk regarding if "Enviro" is registered as trademark by any other company.
51. RF 56 – LM is advised to disclose more information in the said risk factor.
52. RF 71 – LM is advised to remove the statement regarding ".....Equity Shares to the applicant's demat account with the depository participant could take approximately five Working Days from the Bid/Offer Closing Date.....".
53. LM is advised to make separate risk factors for the following:
 - Technology parameters, tech tie-up etc.
 - Past issue handed by the LM
 - Lack of water and infrastructure management
 - High installation, equipment and operations costs

- Groundwater depletion and untreated water discharge
- Limited funds may pose challenges in certain regions
- Lack of required techno-commercial awareness
- Challenges and risks under HAM
- Challenges and risks under EPC
- Factors affecting the cost of wastewater treatment plants
- All the bidding projects are not awarded to the issuer company
- substantial increase in Borrowings in nine months' period ended December 31, 2023 compared to Financial Year ended March 31, 2023. LM to disclose the major terms and conditions of loans which have an impact on the operations of the issuer company.
- Competition from the organised and unorganised players in procurement of tenders along with details on tenders which have applied for and not awarded.
- Unsuccessful bids in heading of separate RF factor. LM to disclose general technical conditions for those tenders which the issuer needs to qualify and risk due to changes in such conditions which may result in issuer not getting those tenders.
- average project execution time and payment period for past projects along with delays if any

The Offer

54. As regards to the employee reservation, LM and the Company ensured that the said reservation is only for the permanent employees and the list of employees shall be made available to RTA before the UDRHP. Also, make a disclosure in this regard in the offer document.

Capital Structure

55. LM is advised to disclose the confirmation that the Company has been complied with the Company Act, 1956 and Company Act, 2013. Also, provide confirmation that none of the public shareholders are connected with Company / promoter/ promoter group / director or in the valuation of the Company at any time.
56. LM is advised to disclose the detailed amount of free reserves and share premium from which the said bonus shares have been issued, reduction in free reserves and share premium in the said financial year etc.
57. It has been stated in the DRHP that fund raised through Private Placement by the issuer company in September 2023. LM is advised to disclose the objects for raising capital and whether the same are deployed as per the objects of issue. LM to disclose the details of auditor's certificate confirming the utilisation of issue proceeds. LM to disclose whether the same would be in compliance with the eligibility criteria under 6(1) for percentage of monetary assets as per latest updated financials after considering the inflow of funds through the private placement.

SN

Object of the Offer

58. Page 115 – As regards to the footnote “(1)” of the utilization of the name proceeds LM is advised to disclose the statement as per the ICDR Regulations, 2018.
59. Page 116 – As disclosed the statement “..... *Our Company is required to issue a Performance and Security Deposit Bank Guarantee equal to a fixed percentage of the Work Order, which is around 5%-10% of each of the Work Order value as a Guarantee to the Authority towards performance obligations for the said Work Order. The Performance Bank Guarantee is retained by the customer till Defect Liability Period of the WWTPs or WSSPs, which generally varies from 1-5 years....*”. In this regard, LM is advised to disclose the last three years order to justify the said statement.
60. Object 2 - regarding infusion of funds to subsidiary of the issuer company – LM is advised to disclose the following:
- SPV
 - concession agreement with NMCG and UP Jal Nigam
 - O&M for a period of 15 years
 - Commercial operation date
 - Milestones
 - Secured term loans for the projects and the terms and conditions of the Bank
 - Bank guarantee in form of cash, securities and others
 - Project details like, start date, completion date etc.
 - Scheduled and deployment of fund
 - Penalty for failure to complete as per the timelines
 - Describe the statement regarding “*All Invoices to be submitted by the Concessionaire to UP Jal Nigam the Invoice.*”
61. LM is advised to clarify the objects of issue --Infusion of funds in our Subsidiary, EIEL Mathura Infra Engineers Private Limited (“EIEL Mathura”) to build 60 MLD STP under project titled ‘Mathura Sewerage Scheme’ at Mathura in Uttar Pradesh including Operation & maintenance for 15 years through Hybrid Annuity Based PPP Mode, as to whether the issue proceeds are to be utilised for capital expenditure or maintenance for 15 years. LM to disclose the schedule of deployment of issue proceeds in tabular format.
62. LM is advised to disclose the brief financials of subsidiary i.e EIEL Mathura Infra Engineers Private Limited.
63. LM is advised to disclose that the pre-ipo proceeds, if any, shall be adjusted from issue size.
64. LM is advised to substantiate the reason for substantial increase in projected inventories.
65. LM is advised to remove the cash and bank balances from the estimate of working capital requirements and adjust the requirement based on revised figures. LM to obtain the revised auditors certificate and update the details in the DRHP. LM to also disclose the auditors certificate in material document for inspection.

SN



66. LM is advised to disclose in details about the investments to be made by its subsidiary and how the revenue gets generated from the Madhura project and its proposed timelines. LM to also disclose in details about the billing/ receivables timelines and percentage holding in subsidiary by the issuer company.
67. LM is advised to disclose the details of sanction letter and terms and conditions of secured Term Loan of ₹ 8,762.00 lakhs from Kotak Mahindra Bank Limited which are to be used for the funding the project under firm arrangement. LM to disclose the amount disbursed so far, status of project, quotations /purchase orders placed obtained so far, date of commencement. LM to disclose the risk aspects of the above as separate RF under suitable heading.
68. LM is advised to disclose the letter of award of the project as material document for inspection.
69. LM is advised to disclose the details utilisation of loan proceeds proposed to be repaid through issue proceeds and disclose the details of auditor certificate certifying the same.
70. LM is advised to disclose the details of sanction and date of disbursement, pre-payment penalty and its impact on financials of issuer company.
71. LM is advised to confirm and ensure that the nature of objects of issue shall not similar to that of utilisation of funds under general corporate purposes.
72. LM is advised to clarify/ update as to how the investment in concession are will be deemed to be inorganic acquisition (unidentified), and how the same is in compliance with relevant regulations of ICDR.
73. LM is advised to update the "Means of Finance" giving details of firm arrangements.
74. As regards the secured term loan from banks, LM is advised to make the letter from the bank under Material Contracts and documents for inspection.
75. Page 121 – Note 3 – point (3)(d) – LM is advised to specify the amount in lakh or crore.
76. Page 122 - LM is advised to include the certificate from the Chartered Accountants under Material Contracts and documents for inspection.
77. Page 124 – LM is advised to disclose that "*.....We undertake that details of any payments or expenses incurred in this regard with an adequate break-up of the costs involved would be provided to the Stock Exchanges and monitoring agency*".
78. Page 126 - Pending utilization of the Net Proceeds no lien in any manner shall be created on the Net Proceeds deposited in one or more scheduled commercial banks
79. Page 127 – variation in objects of the Fresh Issue - LM is advised to incorporate the time period under this para.
80. Object 4 – LM is advised to delete the word "for" in the object heading.
81. As regards the objects of the offer for Gross Corporate Purposes (GCP), LM is advised to utilize the said proceeds according to the ICDR Regulations, 2018.
82. LM is advised to disclose the fund deployment of issue proceeds whether in equity or debt form.

SN



83. LM is advised to provide confirmation that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer as prescribed under regulation 16 of the ICDR Regulations, 2018.
84. LM is advised to disclose that the GCP shall not be used for the objects of the proposed issue that the issuer Company is going to utilize from the net proceeds. Also, clearly specify the uses of the GCP proceeds in the proposed IPO.
85. Offer expenses – As regard the offer expenses, LM is advised to disclose the statement that the offer related expenses shall be paid by the selling shareholders irrespective of proposed IPO to be successful or not.
86. As regards monitoring of utilisation of IPO proceeds, LM is advised to comply with Regulation 41 of ICDR Regulations, 2018.
87. As regards proceeds of the issue, it has been observed that “Net Proceeds” has been used in the DRHP. LM is advised to disclose the term proceeds/issue proceeds/proceeds of the issue as prescribed under ICDR Regulations, 2018.

Our Business

88. LM is advised to disclose year-wise projects awarded separately.
89. LM is advised to disclose procedure regarding the bidding, award, SPV details etc. of the issuer company.
90. Project details having the following suitable tabular format:
- Name of the project
 - Project-wise value
 - Capacity of the project
 - Joint venture or not
 - Date of award
 - Date of completion
 - Penalty details, if any due to delay in completion
 - Bonus payment for early completion
 - Completed, ongoing and upcoming projects in separate table
91. Page 221 – With regard to the Order book, LM is advised to complete the table, update the table, disclose completion date etc.
92. Page 233 – LM is advised to disclose the value of project, penalty, if any, date of completion etc. in the table regarding completed projects.
93. Page 247 – LM is advised to disclose the OEM in absolute and percentage terms
94. Under business section LM is advised to disclose the following:
- Equipment details like owned or rented or third party equipment
 - Supplier details
 - Cost of equipment and other raw materials

SW



95. As regards the employee of the Company, LM is advised to disclose the details of permanent and contract labour, contractors, any concentration of contractors, cost etc.
96. As regard the employees of the Issuer company, LM is advised to disclose whether the statutory dues to the Government and provident fund for all full time employees have been paid for the last three years. LM shall disclose total PF being paid for number of employees and whether the same is paid as per statutory law/obligation and the amount paid. Such details and bifurcation shall be disclosed for various dues such as PF, ESIC, GST, TDS, other statutory contributions etc. shall be given in the document and whether the obligation have been duly discharged in terms of the applicable laws.

Our Management

97. LM is advised to provide a confirmation that the independent directors of the Issuer Company are not related or associated in any manner directly or indirectly with the promoters/promoter group/directors/KMP or their relatives of the issues, subsidiary, group, associate etc.

Financial Indebtedness

98. LM is advised to disclose the details of credit rating assigns, lender details for each loan, guarantees etc.

Outstanding Litigation

99. LM is advised to update the status of the all litigations as disclosed in the DRHP.
100. Page 417 - LM is advised careful and ensured that all the links disclosed in the DRHP should be operational and the required information should be incorporated to the links. In this regard, LM is advised to be more careful for the said disclosure in the future.
101. Page 419 – LM is advised to bring more details for the objected trademark in the risk factor. Also, under the para Intellectual property, LM is advised to disclose the reason for objection.

Other Regulatory and Statutory Disclosures

102. As regards the past issues handled, LM is advised to update the percentage change in price in all the companies. Also, make clear disclosure regarding the IPO of the Companies on the Main Board.
103. LM Is advised to disclose the date of the documents/agreements/approvals and categorically disclose whether the document is valid as in the date of filing of DRHP.
104. Regarding Articles of Association, LM is advised to be guided by the principle that all special rights under any shareholder or other agreement or Articles shall stand terminated in accordance with the provisions and can be instated only on the basis of shareholder approval through special resolution. LM is advised to provide confirmation that Part B shall be terminated at the time of UDRHP. Also, BRLM is advised to confirm that the AoA does not have any rights in any manner.



105. LM is advised to confirm that all transactions in Equity Shares by the Promoters shall be reported to the Stock Exchanges within 24 hours of such transactions. Also, the details of such transactions shall also be included in the Price Band advertisement.
106. Our Management – LM is advised to disclose the details of nominees of the shareholders, if any.
107. LM is advised to confirm that all special rights to be terminated before filing the UDRHP for the proposed IPO of the Issuer Company.
108. LM to include a categorical statement that it has gone through the Articles of Association (AoA) of the Issuer Company and confirm to SEBI that no special rights of any nature are available to any person and the same shall be delayed before filing UDRHP.
109. LMs shall confirm to SEBI that as on the date of the offer document, the clauses / covenants of AoA of the Issuer Company are in compliance with the Companies Act and the Securities Laws, as applicable.
110. LM is advised to comply with the timeline for listing of shares in Public Issue of T+3 days as prescribed under the SEBI Circular dated August 09, 2023.
111. LM is advised to provide a confirmation that the public shareholders of the Issuer Company are not related or associated in any manner directly or indirectly with the promoters/promoter group/directors/KMP or their relatives of the issues, subsidiary, group, associate etc,
112. The BRLM to ensure that only eligible employees are allotted shares under the employee reservation category.
113. LM is advised to adhere to the following conditions:
- a) UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
- b) UDRHP shall contain necessary updated disclosures justifying the offer price under Section – “Basis for offer price”, “Risk Factors” etc., particularly emphasising on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration, 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”.
114. 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."*

SN



- ii. Any adverse data in the basis for issue price should be disclosed. For example:
- “The Price/Earnings ratio based on diluted EPS for [latest full financial year] for the issuer at the upper end of the Price band is as high as [to be disclosed] as compared to the average industry peer group PE ratio of [to be disclosed].”
[if average industry peer group PE ratio is not available, then P/E of Nifty Fifty may be disclosed]
 - “Average cost of acquisition of equity shares for the selling shareholders in IPO is [to be disclosed] and offer price at upper end of the price band is [to be disclosed].”
 - “Weighted Average Return on Net Worth for [last three full financial years] is [to be disclosed] %.”

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.

115. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
116. LM is advised to ensure compliance with all the directions given to Association of Investment Bankers of India (AIBI).
117. With respect to the price band advertisement, LM is advised to do needful with respect to the following:
- a. The portion pertaining to “Risks to Investors” shall constitute at least 33% of the price band advertisement space.
 - b. 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
 - c. LM shall ensure the compliance of fourth amendment to the ICDR Regulations, 2018
 - d. 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			

SN



- e. The total market valuation of the company considering the higher and lower price band.
- f. The font size for price band and "Risk to investors" should be increased to match the font of BID/Offer Programme.
- g. 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.
- h. The portion pertaining to "BRLMs" shall not constitute more than 10% of the price band advertisement space.

SW



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 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 42 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 offer document instead of general cross-referencing.
6. 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.
7. 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."
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 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)

SW



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:

SW



"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**.*

SN
