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November 08, 2023

सेबी/सीएफडी/RAC-डीआईएल2/P/OW/2023/44931/1
SEBI/HO/CFD/RAC-DIL2/P/OW/2023/44931/1

ITI Capital Limited

ITI House, 36, Dr. R K Shirodkar Road,
Parel, Mumbai 400 012
Maharashtra, India

Kind Attention: Ms. Pallavi Shinde/Mr. Samir Bahl

महोदय / महोदया,
Dear Sir / Madam,

विषय /Sub: Suraj Estate Developers Limited का प्रस्तावित आईपीओ /Proposed IPO of Suraj Estate Developers Limited

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

With reference to the draft offer document in respect of captioned issue, clarifications sought by SEBI and the replies submitted therein, it is stated that on scrutiny of the same, deficiencies / instances of non-compliance of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as SEBI (ICDR) Regulations, 2018) and instructions have been observed, which are required to be rectified / complied with by you before filing the offer document with the Stock Exchange and/ or ROC. Observations on the captioned issue and other conditions to be

complied with are indicated in Annexure 'I' and 'II'. It may be noted that the deficiencies / requirement of additional disclosures listed in the Annexure are merely illustrative and not exhaustive. It is your responsibility to ensure full and true disclosures.

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

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

2. यह स्पष्ट किया जाता है कि भारतीय प्रतिभूति और 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 [पैजी 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 विनियम बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 11 May, 2022 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

It should also be clearly understood that while the Issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the LMs are expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the LMs have furnished to SEBI a Due Diligence Certificate dated August 10, 2022, in accordance with SEBI (Merchant Bankers) Regulations, 1992. 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 August 06, 2022, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

- 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.

- 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.

- 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 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 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.

8. आपसे अनुरोध है कि इस प्राप्ति के 15 दिवसों 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


Shivani Gupta
सहायक प्रबंधक
Assistant Manager

Annexure I

OBSERVATIONS

1. Please refer to our letter/email dated August 25, 2023, September 13, 2023 & September 21, 2023 and your letter/email dated September 05, 2023, September 20, 2023 & September 22, 2023 and all other correspondences exchanged. 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.
2. 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.
3. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.
4. The industry report disclaimers (if any) shall be removed from all places of the offer document. LM is advised to include the 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.
5. LM shall ensure to disclose the 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. The 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.
6. The table of pending litigations should be arranged giving priority to those litigations having material impact on the financials. Also include the details of whether provisioning has been done by the company for the probable liabilities, if any arising out of outstanding litigations and also the quantum of the same, where quantifiable. Mention the amount reflected as Contingent Liabilities with respect to the outstanding litigations, if any. Also, disclose contingent liabilities as a percentage of net worth.
7. LM shall confirm and disclose whether there has been a change in auditor(s) before completion of the appointed term (in any of the past five fiscal years), and the reasons thereof.
8. Risk Factors – Every Risk Factor shall be provided with a cross-reference to the detailed description of the facts/reasons in the DRHP, wherever applicable.
9. LM is advised to add a Risk Factor relating to Related Party Transactions (RPTs), Provide below mentioned details: -
 - i. Confirm whether all RPTs are done on arm's length basis.
 - ii. Confirm whether RPTs taken together for last three fiscal year is more than 10% (for all 3 FYs) of the total transactions of similar nature.

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- iii. If any loan/advances given by issuer/subsidiaries to related parties and guarantees given/securities provided to related parties, mention Risk Factor on recoverability and its effect on the financials of the issuer/subsidiaries.

10. LM is advised to disclose the Outstanding Litigations information in the Summary of the Offer Document section of UDRHP/RHP as per the below format :

Name of Entity	Criminal Proceeding	Tax Proceeding	Statutory or Regulatory Proceeding	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigation	Aggregate amount involved (Rs in million)
Company						
By the Company						
Against the Company						
Directors						
By our Directors						
Against the Directors						
Promoters						
By Promoters						
Against Promoters						
Subsidiaries						
By subsidiaries						
Against Subsidiaries						
*For further details of the outstanding litigation proceedings, see "Outstanding Litigation and Material Developments"						

11. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.
12. Where Risk Factors portray possible occurrences of certain events or situations, such Risk Factors should also indicate whether such events or situations have actually taken place in the past. If not, it should be clearly mentioned that no such events had happened in the past.
13. 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.

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14. Mention a separate Risk Factor, if any rent, interest, royalty or such other amount payable/paid by the issuer company/subsidiaries to Promoter/Promoter Group/Directors or amount payable under any material agreement, if any, etc. in last three FY and stub period.
15. In Risk Factor relating to existing financing arrangements, confirm whether the company has violated any of the restrictive covenants/events of default or undergone rescheduling for repayment of loans in the past three fiscal years with respect to the debt financing that the company has availed.
16. LM is advised to confirm whether any instance of promoter's personal guarantees and/or company guarantees have been invoked in the past 3 fiscal years and/or loan defaults.
17. Provide details and specific disclosures with respect to the adverse remarks/ qualifications/ matter of emphasis/ statements by the Statutory Auditor in reports to financial statements, in the Risk Factor. Further, provide the current status of such adverse remarks/ qualifications/ matter of emphasis/ statements by the Statutory Auditor.
18. With respect to acquisitions/slump sale/business transfer agreement made by/entered into by the issuer company//subsidiaries, mention whether an independent valuation report was obtained for the same. If so, the same may be disclosed and included as a material document for inspection. If not, a Risk factor to this effect may be stated along with the fact whether the consideration paid is higher than the valuation obtained, if so, reason thereof. If such transaction happened with related party, same may be stated so. Also, provide details of unsuccessful instances of strategic investment, if any, in past 3 years and effect of the same on profit shall be disclosed.
19. 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.
20. Incorporate an undertaking that the net proceeds from the issue if utilized for repayment of Borrowings/Loans are not being indirectly routed to promoters, promoter group, group companies, and associates.
21. LM is advised to make consistent usage of the term BRLM; and also include quantitative/financial information in tabular form, wherever possible.
22. LM is advised to ensure that no discrepancies be present in the quantitative data provided in the DRHP/RHP/UDRHP/LM's reply and other key documents.
23. LM is advised to ensure all quantitative information be provided in tabular form and free from discrepancies/errors in all sections for the ease of reading. LM may provide with certainty all the relevant information sought by SEBI till the issue of this observation letter, in the offer document/UDRHP/RHP.
24. 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.
25. 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.

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26. 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.
27. 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.
28. LM shall ensure compliance with enhanced disclosures in the Price band advertisement as per advisory issued to AIBI vide email dated Nov 15, 2021.
29. LM shall disclose the details of the pledged shares held by the promoters / Issuer Company / its subsidiaries.
30. 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.
31. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in RHP.
32. 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.
33. LM is advised to update the financial information of the stub period in suitable places in the DRHP.
34. 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.
35. Offer Document Summary: LM is advised to provide the organizational chart in this section and the pie-chart for sources of revenue contribution.
36. LM is advised to mention the operational Key Performance Indicators for the past 3 years in the relevant section.
37. LM is advised to state in the Summary- Primary business of the Company and Our Business that the issuer company does not provide any construction services on its own rather depends entirely on third party constructors for its construction activities as confirmed by LM.
38. As stated in the offer document, 5 projects are completed in last 3 years. LM is advised to disclose adequate reasons in Our business and Industry Overview Sections for stating no. of completed projects for the period 2016-2023 and not for the period 1986-2023. LM is advised to disclose rationale for choosing the year 2016 and state the reasons for completion of only 5 projects in last 3 years in the relevant sections in the offer document.

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39. Page 177 : From 2016 to 2023 (Q1), we launched 15 residential projects out of which 13 projects (~87%) are redevelopment projects. (Source: Company Commissioned Anarock Report) LM is strictly advised to remove the reference of the commissioned report from this section as well as from other places in the offer document wherein the commissioned report is cited to substantiate information which pertains to the issuer company.
40. Page 217: LM is advised to ensure that details of projects delayed and moratorium amount are disclosed on the page itself.
41. LM is advised to refer page 289 and factually verify the information pertaining to secured NCDs 20.5(a), number of installments, start date of monthly installment, end date of loan etc.
42. Page 20- Primary business of Our company : LM is advised to substantiate or remove “one of the market leaders”
43. Page 27-Financing Arrangements- LM is advised to specify: “normal course of business of the relevant financing entity” and disclose for the period of 3 years.
44. LM is advised to refer its responses dated October 10, 2023, October 16, 2023, October 31, 2023 and November 03, 2023 with respect to missing of records and ensure that the submissions are made part of Material contracts and documents for inspection. Further, LM is advised to disclose the same adequately in tabular form along with explanation and confirmations as submitted by LM and allottees for missing of such records in the section: Capital Structure.
45. **Risk Factors :**
- a) **All the risk factors are required to be rearranged based on the materiality.**
- b) RF 1: LM is advised to disclose the dates for loan commencement, tenure, amount paid, amount outstanding and other key details in the risk factor.
- c) RF 5- LM is advised to include a separate risk factor on illegal encroachments and the land parcels.
- d) RF 6: LM is advised to disclose the amount of loss incurred by the Issuer (if any) for providing free- of- cost redeveloped houses to 1011 tenants. If no loss is incurred, LM is advised to state negative confirmation in the risk factor itself.
- e) RF 7:
- (a) LM is advised to state the names and details of all third party constructors in risk factor 7 and in Our Business section. Further, LM is advised to redraft the title of the risk factor 7 to include that 100 % of the construction activities are conducted by third party constructors with suitable cross-references as confirmed by LM on October 06, 2023.
- (b) LM is advised to disclose the % of construction operations which are conducted through contractors, explanation on the independence of the contractors and confirmation on whether such contractors are in any manner related to the Promoter/Promoter group/ Directors/KMP/associate company/subsidiary/group company to be disclosed. LM is advised to disclose the

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selection procedure and independent body (if any) for the independent contractor to be disclosed.

- f) RF 8: LM is advised to disclose the expenses incurred (amount & as a % of revenue) towards employee & contract labour cost, other subcontractor expenses incurred in last 3 years in the risk factor itself.
- g) RF 9: LM is advised to disclose a specific statement in the risk factor citing that other than these 11 projects, there are no unsold flats in any of the remaining projects. LM is advised to disclose the no. of unsold units for projects undertaken by subsidiary/group companies.
- h) RF 10: LM is advised to disclose a specific statement in the risk factor citing that no penalty has been paid by the issuer as per RERA and no fine has been levied by RERA in last 3 years. Also, LM is advised to ensure that cross-referencing to be made to exact page number in the Risk Factor. LM is advised to refer “our ability to complete our projects.....approvals for such projects” and elaborate more on the other risks as stated in the risk factor.
- i) RF 16: LM is advised to provide details of lessor and confirm whether any conflict of interest is in place between the lessor and the company and its related entities.
- j) RF 17: LM is advised to disclose TDRs acquired in last 3 years.
- k) RF 18: LM is advised to disclose the reasons for negative cash flow from operating activities.
- l) RF19: LM is advised to ensure that debt-equity ratio, interest rate coverage ratio and key ratios are disclosed in the risk factor.
- m) RF 20: LM is advised to disclose details of unsecured loans received or given by the subsidiaries.
- n) RF 23: LM is advised to move this under top 15 risk factors.
- o) RF 24: LM is advised to move this under top 15 risk factors and ensure that average time taken for completion of projects is disclosed.
- p) RF 28: LM is advised to merge this with RF 24 and ensure that disclosures pertaining to any delays or extension of time for projects in last 3 years is disclosed in the risk factor.
- q) RF 29: LM is advised to move this under top 20 risk factors and ensure that cross-referencing to be made to exact page number in the risk factor, i.e. page where disclosures pertaining RPTs are detailed out in the offer document.
- r) RF 31: LM is advised to move this under top 20 risk factors. LM is advised to disclose indebtedness details with respect to subsidiaries in the risk factor.

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- s) RF 33: LM is advised to move this under top 10 risk factors. LM is advised to disclose whether the subsidiaries are registered with RERA and related instances to be disclosed.
- t) RF 36: LM is advised to disclose details of such agreements or provide cross-referencing to the page where such agreements are detailed and ensure that amount of claims in last 3 years along with the amount paid is disclosed in the risk factor.
- u) RF 43: LM is advised to include reasons for inability to obtain requisite approvals.
- v) RF 58: LM is advised to move this under top 10 risk factors.

46. Additional Risk Factors:

- a) LM is advised to include an additional risk factor in top 20 risk factors pertaining to complaints against the company, (if any) from various stakeholders of the company and may include litigations against the promoters and outstanding regulatory proceedings with suitable cross-referencing.
- b) Additional Risk Factor: LM is advised to mention a separate risk factor about performance of subsidiaries and provide quantitative financial performance metrics of each of the subsidiary including date of incorporation, % shareholding, no. of projects under consideration, revenue contribution, PAT contribution etc. LM is advised to include additional financial ratios for all subsidiaries as provided in the response to Risk Factor 2 and page 227 of DRHP.
- c) Additional Risk Factor about objects of the Issue - loan repayment of subsidiaries which are contributing Nil to 25 % in past 3 years to the Total Revenue. LM is advised to redraft the title of risk factor and move it to top 10 risk factors and include that subsidiaries Accord Estates Private Limited and Iconic Property Developers Private Limited for which majority of net proceeds of shall be used, have contributed XX % and YY % to the Revenue in past 3 years respectively. LM is advised to mention the date of incorporation of both subsidiaries in the risk factor.
- d) LM is advised to insert the Risk Factor with respect to geographical concentration risk in southern Mumbai region and limited operations in other sub-urbs. The operations of the company will be impacted as availability of land in South Mumbai region is limited and has reached saturation levels.
- e) LM is advised to insert the Risk Factor with respect to subsidiaries being loss making since last 3 years and funds are being raised for such loss making subsidiaries.
- f) Page 179-180: LM is advised to include an additional risk factor on having the land parcels with subsidiaries/associates/Joint ventures.
- g) LM to provide confirmation that Provident Fund (PF) payment has been made on timely basis for all eligible employees of the issuer/its subsidiaries and if not, include a Risk Factor for the same in top 25 risk factors.



- h) LM is advised to include an additional risk factor in top 20 risk factors pertaining to reference received from MCA/any Statutory body/ Regulatory body for missing of records for equity shares issued for the period November 18, 1986 – August 03, 1998.
- i) LM is advised to include a risk factor stating that :
- The present offer details of OFS and Fresh Issue.
 - The company is offering OFS ___'X'___ times of Fresh issue along with selling shareholders' details in tabular form such as Pre-issue holding, Acquisition cost, Present offer for sale.
 - And that the company is only going to receive funds from fresh issue to be deployed in stated objectives. LM may keep this risk factor in top 10 risk factors category.
47. **Capital Structure:** LM is advised to confirm whether there has been any instance of issuance of equity shares in the past by the issuer Company, the Group Companies or entities forming part of the Promoter Group to more than 49 investors.
48. **Our Business:** LM is advised to refer page 185- “Continue to focus on redevelopment projects through asset light model” and ensure that such asset light projects as a % of total projects are disclosed.
49. LM is advised to examine the report stated in “Industry overview” and verify the statements made in respect to Issuer company as “among the top 10”/ “ rank 1st in market share” etc. in comparison with peers, otherwise shall remove the content stated without proper substantiating facts.
50. Page 418: LM is advised to confirm and disclose that the Articles of Association (AoA) does not give any special rights of any kind to any person.
51. **Outstanding Litigation And Material Developments:**
- LM is advised to refer page 363 –civil litigations against our company and disclose implications of the stated litigations on the issuer company.
 - LM is advised to disclose complaints and its status and implications filed with RERA against the Issuer and its subsidiaries. If there are no such complaints, LM shall provide a negative confirmation in the offer document.
52. **Legal and Other Information :**
- LM is advised to identify and include risk factor for material litigation 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.



- c) 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.
- d) LM is advised to ensure the disclosures of all actions taken by the statutory and regulatory authority.

53. Objects of the Offer

- a) LM is advised to mention the date of incorporation of both subsidiaries and elaborate more on the rationale for repaying debt of these two subsidiaries out of all other subsidiaries in the objects of the Issue section.
- b) LM is advised to state the reasons for refinancing the loan to be disclosed below the table.

54. Government and Other Approvals: LM is advised to disclose any material approval/ license which is going to expire in near future and will require renewal.

55. LM is advised to ensure that post-listing, considering the business model of the Company, the issuer should disclose relevant metrics indicating its performance against the objects for which funds have been raised, on a quarterly basis along-with the financial results. The above disclosures may be made at least till the proceeds of the objects have been fully utilized.

56. LM is advised to include the following disclosures under section "Monitoring of Utilization of funds"

- a) The proceeds of the issue shall be monitored by the Audit Committee till utilization of the proceeds.
- b) Audit Committee of the Parent Company to certify the utilization of proceeds by subsidiaries towards organic/inorganic growth initiatives.
- c) Investment in foreign subsidiaries towards repayment of loan, organic/inorganic growth initiatives to be in compliance with FEMA guidelines and other applicable laws.

57. 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.

58. 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.

59. History and Certain Corporate Matters

- a) LM is advised that inter-se agreements/ arrangements between the shareholders are disclosed under section "History and Certain Corporate Matters".
- b) LM is advised to make disclosures if special rights for nominee/nomination rights and information rights are available to certain Promoters / Shareholders that would continue post listing and if yes, then details of the same may be clearly disclosed under section "History and Certain Corporate Matters".

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- c) LM is advised that it is categorically disclosed in the DRHP under section “History and Certain Corporate Matters” of the offer document that none of the special rights available to the Promoters / Shareholders (except for nominee/nomination rights and information rights) would survive post listing of the Equity Shares of the Company and same shall cease to exist or shall expire / waived off immediately before or on the date shares are allotted to public shareholders in IPO, without requiring any further action.
- d) LM is advised to refer pages 218- 219 : Accord Estates Private Limited, Uditi Premises Private Limited, Iconic Property Developers Private Limited & Skyline Realty Private Limited and mention the respective amount paid by the company for stated transfer of equity shares in the section.
60. Further, LM shall specifically disclose that special rights, post listing shall be subject to approval of the Shareholders by way of a special resolution, in the first general meeting of the Company held post listing of the Equity Shares. LM is advised to ensure that special rights which will continue post listing are not prejudicial or adverse to the interest of the minority / public shareholders.
61. LM to provide a confirmation for the issuer, its group companies, promoter group, entities where promoter is a director, associates, subsidiaries and other related entities - whether any entity has ever been involved in the act of money mobilization in any manner and whether any Regulator/ Agency has at any time sought any information in any manner, if not LM is advised to provide a negative confirmation.
62. LM is advised to ensure that the pre –placement offer may not breach the ICDR guidelines and is advised to adhere to ICDR Regulations pertaining to pre-placement amount.
63. LM is advised that a categorical statement from the Issuer Company/ Promoters / Shareholders, may be provided that there are no other inter-se agreements/ arrangements and clauses / covenants which are material and which needs to be disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the minority / public shareholders. Also that there are no other agreements, deed of assignments, acquisition agreements, SHA, inter-se agreements, agreements of like nature other than disclosed in the DRHP.
64. Further, the LMs shall also confirm to SEBI that they have gone through the inter-se agreements/ arrangements, if any, as disclosed in the DRHP and they also do not see any clauses / covenants which are material and need to be disclosed, which have not been disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the minority / public shareholders.
65. Please disclose the details of all profit sharing arrangements involving the Issuer, promoters, promoter group, directors and shareholders, if any.
66. 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.

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67. Please check and disclose if the name of the directors, promoter and promoter group persons is appearing in the list of directors of struck-off companies by ROC/ MCA. Please also check 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.
68. If adjectives such as “largest”, “leader”, “strong”, “and differentiated” are used, the same should be explained and substantiated. If not substantiated, these terms should not be used.
69. The top 10 risks identified post rearrangement may be included in the summary of the offer document.
70. In case of Issuer’s consolidated financials contains significant contribution (10% and more) from its subsidiaries, disclose whether the balance sheets of the subsidiary is audited by peer reviewed auditor. In such cases, LM shall also disclose whether the corporate governance norms are being followed by the subsidiaries of the Issuer.
71. Detail of any individual and corporate guarantees provided by the promoters and directors in relation to loans availed by the Issuer.
72. With regard to the “Fees payable to the other advisors to the Offer”, LM is advised to disclose the services offered by such advisors and consequent responsibilities, if any.
73. 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.”
74. LM is advised to ensure that the following paragraph (including content of similar nature) from any/all section(s) of DRHP is removed.
75. *“None among our company, the selling shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.”*
76. 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.
77. LM is advised to ensure compliance with the advisory issued by SEBI to all Merchant Bankers and AIBI vide mail dated July 04, 2023 with respect to disclosure of information pertaining to Pre-IPO placement and secondary transactions by promoter(s) and promoter group(s) in the Public Announcement, Price Band Advertisement and intimation to stock exchanges.
78. 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.

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- b) 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, Market Cap / Total Revenue ratio, EV/EBITDA etc.), with corresponding suitable explanations so as to justify the offer price.

79. Price band advertisement:

- Price band Ad should contain risk factors related to business and financials.
- The portion pertaining to “Risks to Investors” shall constitute at least 33% of the price band advertisement space.
- Price band Ad may contain the top 5 risk factors under the Risks to Investors.
- The font size for price band and “Risk to investors” should be increased to match the font of BID/Offer Programme.
- Matters related to ASBA and UPI may be brought subsequent to Price Band, Risks to Investors, Bid/ Offer Programme and other offer details, and can be of smaller font.
- The portion pertaining to “BRLMs” shall not constitute more than 10% of the price band advertisement space.
- The risks to investors shall include weighted average cost of acquisition of all shares transacted in last 3 years and 1 year, from the date of RHP, in the following format :

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

- h. Mention market Value at Issue Price to Total Turnover and P.E. Ratio at issue price.

80. Price band advertisement: The advertisement shall contain top 5 risk factors. LM is advised to ensure compliance with all the directions given to Association of Investment Bankers of India (AIBI).

81. 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]."*

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[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.

82. 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. LM is also advised to disclose the total market valuation of the company considering the higher and lower price bands.
83. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
84. **LM is advised to ensure that in the Section: Summary of the Offer Document, simple conversational language is used and No abbreviations to be used.**
85. **LM is advised to ensure that in the Section: “Definitions and Abbreviations” for Technical, Company / Industry related Terms or Abbreviations, along with the expanded form, suitable meaning / explanation is provided in simple language. Further, LM is advised to ensure that no abbreviations to be used in the abridged prospectus and Section- Summary of the Offer Document.**
86. LM is advised to strictly use **conventional industry specific terms/terminology** and define the terms in brief in the offer document and avoid usage of terms which are not widely used as per industry standard practices. LM is advised to ensure that the language of the offer document remains simple and lucid.
87. LMs to include a categorical statement that they have gone through the Articles of Association (AoA) of the Issuer Company and confirm to SEBI that no special rights are available to the Promoters / Shareholders in the AoA, at the time of filing of the offer document/RHP.
88. **LM shall ensure that the main/sub – headings in the DRHP shall not have any abbreviations. The Main/sub-headings shall be in fully expanded form with its abbreviations in brackets.**

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Annexure II

General Observations

1. LM is advised to ensure that prior to filing of RHP with Registrar of Companies, the Issuer Company has received crucial clearances / licenses / permissions / approvals from the required competent authority which are necessary for commencement of the activity for which the issue proceeds are proposed to be utilized.
2. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
3. LM is advised to ensure that 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 SCORES authentication is taken by the issuer company prior to listing.
8. 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.
9. **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. 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

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