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SEBI/HO/CFD/RAC-DIL3/P/OW/2025/14746/1
June 03, 2025

Systematix Corporate Services Limited

The Capital, A wing,
603-606, 6th floor,
Plot no C 70 G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai
400 051

Kind Attention: Mr. Kuldeep Singh

महोदय / महोदया,
Dear Sir / Madam,

विषय / Sub: Proposed IPO of Mangal Electrical Industries Limited (Company/Issuer)

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

With reference to the draft 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 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 [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 (इश्यू ऑफ कैपिटल एंड डिस्क्लोजर रिक्वायरमेंट्स) रेग्यूलेशन्स, 2018 के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख दिसंबर 24, 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 December 24, 2024 in accordance with SEBI ICDR Regulations, 2018.

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

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

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

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

6. अग्रणी प्रबंधक यह सुनिश्चित करें कि भारतीय प्रतिभूति और 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 बताएं कि आपने लौटाई जाने वाली फीस की रकम की गणना कैसे की है और सेबी को किसके नाम पर भुगतान 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 payment may be made 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.

Place: Mumbai

Yashwanth Manthani

Annexure I

OBSERVATIONS

1. Please refer to our letter dated February 05, 2025 and the response received from Lead Manager (LM) vide letter dated February 12, 2025 and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. The LM is advised to ensure that the language used in the UDRHP 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 all relevant places.
3. LM is advised to ensure that the Risk Factors provide adequate explanation of risk, are placed based on materiality and provide cross-reference to the exact page no. of the UDRHP, wherein further information has been disclosed.
4. LM is advised to disclose the face value of the shares at all relevant places in the UDRHP.
5. LM is advised to incorporate all the certificates issued by the Chartered Accountants under the section Material Contracts and Documents for Inspection.
6. In case the company is contemplating issuance of Equity Shares through pre-IPO placement:
 - 6.1. LM is advised to confirm and disclose that the Pre-IPO allottees have been appropriately informed that there is no guarantee that the IPO may come through or listing will happen and the investment is being done solely at the risk of the investor. Such information shall be provided to the investors prior to the allotment of shares.
 - 6.2. LM is advised to disclose that the amount of Pre-IPO placement is to be used for the object of the Issue as disclosed in the draft offer document.
 - 6.3. The Pre-IPO placement undertaken by the company, if any, to be disclosed as a risk to the investors applying in IPO, and whether the Pre-IPO was at a price higher / lower than the IPO price. Further, such Risk Factor to be included in the price band advertisement.
7. FORWARD-LOOKING STATEMENTS
 - 7.1. LM is advised to remove certain factors given under this chapter, if such factors are disclosed as one of the risk factors in the DRHP. Further, LM is advised to have language and contents benchmarked to usual statements regarding forward-looking statements.

8. SUMMARY OF THE OFFER DOCUMENT

- 8.1. Page 21-22 – Contingent liabilities: LM is advised to disclose the impact on the financial position of the issuer company, if any, may be disclosed.

9. RISK FACTORS

- 9.1. LM is advised to disclose an additional risk factor (in top 20 risk factors) on the related party transactions of the company. Further, LM is advised to disclose the purpose for which the loan from the promoter Rahul Mangal has been taken and whether the transaction is done at arm's length basis. Further, LM is advised to ensure that such loan agreement(s) are included as part of MCDI.
- 9.2. RF 3 – LM is advised to explain the meaning of the term 'Effective Installed Capacity'. The same may also be disclosed in 'Definitions' section.
- 9.3. RF 4 – LM is advised to correct the sentence that starts from 'We do enter into definitive agreements....'. Further, LM is advised to disclose percentage of revenue and supplies derived from top 10 customers and suppliers respectively for the last three financial years in tabular form.
- 9.4. RF 7 – LM is advised to disclose the list of major countries from which the company imports its raw materials.
- 9.5. RF 8 – LM is advised to disclose the revenue from operations from outside India as a percentage of total revenue for the given period.
- 9.6. RF 9 – LM is advised to disclose any such instance(s) of significant default from any counterparty in the past three financial years.
- 9.7. RF 10 – LM is advised to disclose the backup arrangements, if any, made by the company for meeting any possible shortage of electricity requirements. If no such arrangements made by the company, the same may be disclosed.
- 9.8. RF 11 – LM is advised to disclose the instances of inventory write-off or inventory shortage, if any, in the past three financial years.
- 9.9. RF 14 – LM is advised to disclose the instances of termination of a project, if any, in the past because of any failure on part of the issuer company.
- 9.10. RF 15 & RF 16 – LM is advised to disclose the possible penalty for non-compliance of the regulatory provisions by the company.
- 9.11. RF 19 – LM is advised to disclose the breakup of projects completed by the company on its own and those completed by the company in partnership with joint ventures/ consortiums in the last three financial years.

- 9.12. RF 20 – LM is advised to disclose the instance(s) of default by the company, if any, on its borrowings in the past.
- 9.13. RF 21 – LM is advised to disclose the fact that the repayment of outstanding borrowings from the IPO proceeds does not include the repayment of any borrowing from the promoters.
- 9.14. RF 22 – It is given in the DRHP that that some of the fixed price contracts do not include ant price variation or escalation clauses. LM is advised to disclose the percentage of such fixed price contracts vis-à-vis total ongoing projects of the company.
- 9.15. RF 23 – LM is advised to disclose the risk factor related to the past instance(s) of shortage of employees as a separate risk factor (within top 15 risk factors) along with its financial impact on the company. Further, LM is advised to disclose the number of employees working and number of employees left the company may be disclosed in a tabular form for the last 3 financial years and the stub period. In case, the employee attrition rate is more than 10%, the same may be disclosed in the title of the risk factor.
- 9.16. RF 25 – LM is advised to disclose the data on complaints made by the customers in the last 3 financial years and for the stub period. Further, LM is advised to disclose what are the quality and process control measures adopted by the company to address the risk.
- 9.17. RF 26 – To be brought in top 15 Risk Factors.
- 9.18. RF 33 – LM is advised to clearly disclose that the statement on “investors not be able to seek legal recourses” is only applicable to those parts of the DRHP where the D & B report has been specifically mentioned as a source for the information, which has been relied upon by the investor.
- 9.19. RF 34 – LM is advised to disclose the data given in a tabular form. LM is advised to disclose the types of risks covered and not covered under the insurance.
- 9.20. RF 37 – LM is advised to disclose the details of all the leases including validity of the respective leases. Also, this risk factor may be brought in top 15 risk factors.
- 9.21. RF 38 – To be brought in top 20 Risk Factors.
- 9.22. RF 39 – LM is advised to disclose the measure of exports to the other countries in number and percentage terms as a percentage of total sales in the last 3 financial years and 6 month ended September 2024.
- 9.23. RF 41 – LM is advised to disclose clear meaning/ implication of the various credit ratings assigned by the credit rating agencies.

- 9.24. RF 55 – LM is advised to disclose India's sovereign debt rating from the rating agencies.
- 9.25. RF 65 – It may not be appropriate to state that “as a consequence of the Takeover Regulations, even if a potential takeover of the issuer company would result in purchase of equity shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated”. LM may consider either removing this statement or redrafting it suitably.
- 9.26. LM is advised to disclose an additional risk factor on shortage of CRGO steel due to geopolitical factors and regulatory restrictions on the import of low-grade material.
- 9.27. LM is advised to disclose an additional risk factor on low capacity utilization of the existing plants as given at page 110 along with the reasons thereof.
- 9.28. LM is advised to disclose an additional risk factor regarding company not having any registered trademark.
- 9.29. LM is advised to disclose an additional risk factor regarding high employee attrition rate.

10. CAPITAL STRUCTURE

- 10.1. LM is advised to disclose in tabular format the list of documents, records, filings not available with the company with exact description. LM is advised to write to MCA/RoC with specific details on non-availability of the documents/filings after confirming whether they have been filed with RoC on the relevant date. LM is advised to confirm this in writing.
- 10.2. LM is advised to disclose pre and post offer for sale shareholding of the promoters of the issuer.

11. BASIS FOR OFFER PRICE

- 11.1. Post determination of Price Band and offer price, LM is advised to justify the same by taking industry peer group average P/E ratio into consideration.

12. HISTORY AND CERTAIN CORPORATE MATTERS

- 12.1. LM is advised that the following 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 would survive post listing of the Equity Shares of the Company and same shall cease to exist or shall expire / waived off at filing of RHP, without requiring any further action.

- 12.2. LM is advised that inter-se agreements/ arrangements between the shareholders are disclosed under section "History and Certain Corporate Matters".
- 12.3. 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.
- 12.4. The LM shall 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.
- 12.5. LM is advised to disclose number of years and area of experience for all directors of the company.
- 12.6. LM is advised to disclose the payments or benefits to the promoters or the members of the promoter group for three years preceding the date of DRHP.
- 12.7. LM is advised to disclose, through pictorial representation, a chart on the full structure of promoters, extending through any intermediate entities, and up to the ultimate beneficial owners.

13. LEGAL AND OTHER INFORMATION

- 13.1. LM is advised to confirm and disclose that no persons have any special rights (SR) either under AOA or in any other manner and if there are any SRs, it shall be disclosed.
- 13.2. LM shall update the details of status of litigation with the latest/updated position of ~~litigations against promoter/promoter group entities/company~~ and the companies promoted by the issuer.
- 13.3. 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.
- 13.4. LM is advised to ensure the disclosures of all actions taken by statutory and regulatory authorities.
- 13.5. LM is advised to disclose the case filed by/ against the company in the matter of full and final settlement of Mr. Jitendra Malhotra.

14. GOVERNMENT AND OTHER APPROVALS

- 14.1. LM is advised to disclose impact of any pending approval from Government and other authorities on financials and operations of the company. Further, please quantify the impact of non-approval, if any, wherever possible.

15. RELATED PARTY TRANSACTIONS (RPT)

- 15.1. LM is advised to confirm: (i) all RPT are done at arm's length price and (ii) all RPT should be in compliance with the Companies Act, 2013, SEBI (LODR) Regulations, relevant Accounting Standards and other statutory compliances.

16. 'Industry overview': Clause 24 (3) of SEBI (ICDR) Regulations, 2018, requires that the LM shall exercise due diligence and satisfy himself about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer document. In view of the same, LM is advised to ensure that:

- 16.1. The draft offer document and the offer document shall not contain any information where no responsibility is taken by the LMs or the issuer company/ Expert.

- 16.2. The "Industry Overview" section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor have any underlying assumptions been omitted for investors to make an informed decision.

- 16.3. LM is further advised to include industry report in the list of material documents for inspection and also provide a link in the offer document for online access of industry report.

17. Industry Overview: LM is advised to concise the content related to Global and India GDP, economic outlook and instead disclose more about the electrical industry.

18. 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.

19. Page 22 – LM is advised to submit a CA certificate explaining the reasons to take borrowing from related parties along with the end usage of such borrowing by the company and whether the borrowing has been used for the intended purpose. LM is also advised to confirm the same. Further, LM is advised to confirm that there were no routing transactions among the same.

20. Page 23 – LM is advised to clarify and disclose the need for legal & professional charges paid to M/s Rahul enterprises.

21. Page 24 - LM is advised to ensure that the Pre-IPO proceeds to be utilized only for stated objects of the issue and such proceeds be monitored by the monitoring agency. Further, LM is advised to disclose the pricing details of pre-IPO placement, including in the price band advertisement.
22. Page 57 – LM is advised to disclose the reasons for the increase in inventories between March 31, 2024 and September 30, 2024.
23. Page 58 – Given the half year ended trade receivables for FY 2024-25 is almost equal to the trade receivables for full year of FY 2023-24, LM is advised to confirm that the sales have been made to the ultimate customer and not to any stockist/ wholesaler. LM is advised to confirm that the sales are non-returnable and the given sales volume owing to the trade receivables may not dip for any reason.
24. Page 75-76 – LM is advised to ensure that Promoters' shareholding of 20% to be locked in for three years and shareholding in excess of 20% shall be locked in for a period of one year from the date of allotment as per Regulations 14 and 16 of SEBI ICDR Regulations. Revised consent to be taken from the promoters. LM is advised to ensure appropriate disclosure of the same.
25. LM is advised to substantiate the statement regarding leadership position of the company in the distribution transformer industry. Further, the statement regarding investment in advanced manufacturing technology and quality control system may be elaborated with suitable illustrations of the advanced manufacturing technology and quality control systems.
26. Page 90 – It is observed that some of the loans repayment schedule were completed before the filing of DRHP/ as on date. LM is advised to update the data and remove such loans from the table whose loans have already been paid and update total outstanding amount to be repaid from the proceeds of the issue.
27. Page 90-94 – LM is advised to remove vehicle loans and Home loan taken by the company from the list of outstanding borrowings to be repaid from the proceeds of the issue and update the total outstanding borrowings in the table given.
28. Page 95 – LM is advised to clearly bifurcate capital expenditure (segment-wise) proposed at the manufacturing facility at Unit IV and at the Head Office of the company. Further, LM is advised to disclose the details of the land/ area where the proposed civil construction to be made.

29. Page 95-99 – LM is advised to disclose full details including brand, model, specifications and other relevant information w.r.t each equipment proposed to be purchased from the proceeds of the issue.
30. Page 96 – LM is advised to clarify the need for the requirement of vendor for the proposed purchase of each equipment instead of direct purchase from the manufacturer.
31. Page 96 – LM is advised to disclose the cost of the each equipment and corresponding GST separately.
32. Page 96 – LM is advised to disclose the timeline for installation, trial run, testing, commercial production etc. for each equipment as per SEBI (ICDR) Regulations, 2008.
33. Page 99 – LM is advised to disclose the amount of advance paid to the vendor for the plant and machineries ordered by the company.
34. Page 100 – LM is advised to provide a certificate from a Chartered Accountant stating that the working capital loans have been used towards the purpose for which they were taken and include it in MCDI.
35. Page 101 – LM is advised to explain and elaborate the regulatory restrictions on the import of low-grade material and its impact on the company.
36. Page 102 – LM is advised to disclose the alternate supply arrangements made by the company, if any, in view of the non-renewal of BIS certification of Chinese supplier by the Indian Government. This fact may also be included in the risk factor where the risk pertaining to supply of raw materials has been disclosed.
37. Page 103 – LM is advised to clarify the need for including payment of advances to suppliers under the head 'General Corporate Purposes'.
38. Page 108 – LM is advised to explain and elaborate the statement regarding the issuer company having business segments such as payments services and financial services. Further, since the company is in the business of manufacturing of transformers, LM is advised to disclose the peer group comparison with a few listed companies in the business if transformer manufacturing.
39. Page 111 – LM is advised to update the information given under the '*Comparison of KPIs based on additions or dispositions to Company's business*'



40. Page 112 - Most of the items given in the table that provides comparison of the KPIs with peers are marked as NA. LM is advised to either get the data for such items or identify other peers and disclose the data.
41. Page 121 – LM is advised to confirm and disclose that the industry report is not an extract and all the relevant and material information in the shareholders/ investors' interest has been disclosed.
42. Page 121 – LM is advised to disclose all the threats and challenges in the industry report as a Risk Factor.
43. Page 196-197 – LM is advised to disclose in the table, whether the production units given are owned or leased by the company.
44. Page 197 – LM is advised to disclose the data related to company's revenue distribution within India (state-wise) and outside India (country-wise) and revenue share across the regions in India.
45. Page 197-198 – LM is advised to disclose an additional risk factor regarding the company's geographical concentration in the state of Rajasthan.
46. Page 199 – LM is advised to disclose the reasons for spurt in the transformer units produced for Fiscal 2024 and its impact on the revenue of the company.
47. Page 200 – LM is advised to suitably substantiate the statement that the issuer company has necessary licenses/ certifications, which its competitors do not possess. Further, LM is advised to disclose the basis for making such statements in the DRHP.
48. Page 200 – LM is advised to disclose the names of a few domestic and global customers of the company in each of the categories of (i) power utilities, (ii) industrial conglomerates, (iii) infrastructure developers and (iv) public sector enterprises in a tabular form.
49. Page 200-201 – LM is advised to disclose a section on 'Our weaknesses' as perceived by the company, after the section on 'Our Strengths' to give a balanced view of the company's business. Alternatively, LM is advised to disclose SWOT analysis of the company.
50. Page 202 – LM is advised to clearly specify whether the company has got the approval for 765 kV class by PGCIL.
51. Page 202 – LM is advised to disclose the requirements/ standards to be complied with for obtaining the 765 KV class approval of PGCIL and the extent to which the issuer company has reached in ensuring compliance with these requirement/standards.

52. Page 202 – LM is advised to disclose the extent of progress made so far by the company in having arrangements/agreement with CRGO mill suppliers.
53. Page 202 – LM is advised to disclose any example(s) regarding “expanding our existing product portfolios” under “Our strategies” section.
54. Page 203-205 – LM is advised to disclose detailed breakup of each product component given in the table.
55. Page 214 – LM is advised to disclose the professional capacity of Maharwal & Associates.
56. Page 218 – It is observed from the DRHP that the company has more than two manufacturing facilities. In view of the same, the statement that water requirements are met through local sources for both manufacturing facilities may be explained and correctly disclosed.
57. Page 219 – LM is advised to recheck the figure 2.98% under ‘Exports’ section vis-à-vis the export figure given in the below table for Fiscal 2024. Further, LM is advised to disclose the reasons for such drastic decline in exports to Oman.
58. Page 220 – LM is advised to disclose the details of insurance taken by the company including types of risk covered, sum insured and the risks as perceived by the company that are not covered under any insurance.
59. Page 220-221 – LM is advised to substantiate the following statement with specific examples on how the attributes described by the company are not possessed by its competitors.
- “However, our extensive expertise.....distinguishes us from our competitors.”*
60. Page 234 – LM is advised to disclose valuation details including date of valuation, valuer details including past experience of the valuer in valuation and his/ her registration details with IBBI.
61. Page 234-235 – LM is advised to disclose Key financial figures of Dynamic Powertech Pvt Ltd for 2 years before the merger with the company.
62. Page 237 – LM is advised to disclose the experience of Ms. Tanvi Surana to be eligible to become independent director of the company.



63. Page 238 – LM is advised to confirm whether any of the Independent Directors are connected or related in any manner with the promoter or promoter group or director or KMP of the company directly/ indirectly.
64. Page 263-265 – LM is advised to disclose Statement regarding Auditors' qualification for previous years, if any.
65. Page 282 – LM is advised to ensure that the scheme of arrangement regarding the merger of Dynamic Power tech Pvt. Ltd. with the issuer company along with all related documents and the Order of NCLT approving the said scheme have been included in the Material Contracts and documents for inspection.
66. Page 284 – LM is advised to disclose details of the Supplier Finance Arrangement (TReDS) at appropriate place in the DRHP.
67. Page 286-292 – Plant and machinery of the issuer company is mortgaged as a security against the loans taken from SIDBI/banks. LM is advised to disclose the same in the risk factor pertaining to borrowings/liabilities at the relevant page in the DRHP.
68. Page 286-292 – LM is advised to disclose the purpose for which the vehicles taken on loan by the issuer company are being used. Also, LM is advised to confirm that the vehicles are in the name of the issuer company.
69. Page 286 – LM is advised to disclose the purpose for which the flat taken in name of the issuer company on loan from HDFC Bank is being used.
70. Page 348 – Consequences of events of default: LM is advised to disclose any consequence that gives the lender any control over the issuer company, either directly or indirectly.
71. Page 352 – LM is advised to disclose the compounding application filed by the company for non-compliance under section 135(7) of the companies act, as an additional risk factor.
72. LM is advised to update all the quotations that are given in the DRHP and disclose that any increase in the proposed expenditure due to the revision in such quotation(s) shall be met from the company's internal accruals.
73. LM is advised to disclose the absolute figures across the DRHP with percentage figures.
74. LM is advised to clearly disclose that there are no special rights of any nature.

75. LM is advised to disclose that the independent directors are not connected in any manner to Promoter/Promoter Group/Directors/KMP of the Company and its related parties.
76. LM is advised that reference to name of any place mentioned in the offer document may be followed by name of City / State, as the case may be.
77. With respect to all the complaints received by LM / company / forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures of the same are made in the Red Hearing Prospectus and other Offer related material along with the disclosures of the financial impact of the same, if any.
78. LM is advised to ensure that the disclosure of details of all the criminal matters initiated by or against the company, group, directors, promoters, subsidiaries which are at FIR stage and no / some cognizance has been taken by court, is incorporated in the UDRHP / RHP along with appropriate Risk Factors in this regard.
79. 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."*
- 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.

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

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 RHP 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:

- 9.1 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.
- 9.2 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**.*

