



सहायक महाप्रबंधक

Assistant General Manager

निगम वित्त विभाग / Corporation Finance Department

रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार / Registration, Approval And Correspondences

निर्गम एवं सूचीबद्धता प्रभाग / Division Of Issues And Listing – I

SEBI/HO/CFD/RAC/DIL-1/EB/SM/OW/2023/45561/1

November 13, 2023

ICICI Securities Limited

ICICI Venture House

Appasaheb Marathe Marg, Prabhadevi,

Mumbai – 400025, Maharashtra, India

Kind Attn: Shri Sumit Singh

महोदय,

Sir,

**विषय / Sub: India Shelter Finance Corporation Limited का प्रस्तावित आईपीओ / Proposed IPO of India Shelter Finance Corporation Limited**

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

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

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

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

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

4. यह भी पूरी तरह से स्पष्ट किया जाता है कि यद्यपि इस बात की जिम्मेदारी मुख्य रूप से निर्गमकर्ता (इश्युअर) कंपनी की होती है कि प्रस्ताव दस्तावेज में समस्त जरूरी जानकारी प्रकट की जाए और जो सही और पर्याप्त

हो, फिर भी अग्रणी प्रबंधकों (लीड मैनेजर्स) से अपेक्षित है कि वे यह सुनिश्चित करने के लिए पूरी तत्परता (ड्यू डिलिजेंस) बरतें कि कंपनी अपनी जिम्मेदारियाँ सही ढंग से निभाए, और इसी उद्देश्य से अग्रणी प्रबंधकों ने भारतीय प्रतिभूति और विनियम बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 04, August, 2023 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

It should also be clearly understood that while the Issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the LMs are expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the LMs have furnished to SEBI a Due Diligence Certificate dated August 04, 2023, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

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

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

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

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

7. अग्रणी प्रबंधक यह सुनिश्चित करें कि भारतीय प्रतिभूति और विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 के विनियम 25(1) और अनुसूची- III के अनुसार उपरोक्त निर्गम (इश्यू) के संबंध में फाइलिंग फीस की गणना किस प्रकार की गई है उसका एक विस्तृत विवरण, यथास्थिति, कंपनी रजिस्ट्रार के यहाँ प्रॉस्पेक्टस दाखिल किए जाने के सात दिनों के भीतर / स्टॉक एक्सचेंज के पास प्रस्ताव-पत्र (लेटर ऑफ ऑफर) दाखिल किए जाने के सात दिनों के भीतर, सेबी के पास प्रस्तुत कर दिया जाए और साथ ही अब तक अदा की गई फाइलिंग फीस का ब्यौरा भी दिया जाए।

The LMs are advised to ensure that a detailed calculation of filing fees in relation to the captioned issue in terms of regulation 25(1) and Schedule III of the SEBI (ICDR) Regulations, 2018 is submitted to SEBI within seven days of filing the Prospectus with ROC/



within seven days of filing the Letter of Offer with the stock exchange, as the case may be, along with details of filing fees paid till date.

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

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

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

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

8. प्रस्तावित निर्गम (इश्यू) इस अभिमत पत्र के जारी होने की तारीख से 12 महीनों के भीतर पैसा लगाने (अभिदान करने / सब्सक्रिप्शन) के लिए खोला जा सकता है।

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

स्थान / Place: मुंबई / Mumbai

  
(Sanjukta Mahala)

सहायक महाप्रबंधक  
Assistant General Manager

**Annexure I**

**OBSERVATIONS**

1. Please refer to our letter dated August 28, 2023, your letter dated September 06, 2023 and all other correspondences exchanged. In this regard, LM is advised to ensure that the changes made pursuant to our initial as well as subsequent set of clarifications are duly incorporated in the updated DRHP and RHP.
2. 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.
3. 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.
4. With respect to "Summary of the Offer Document" LM is advised to use simple conversational language and no abbreviations shall be used.
5. With respect to the section "Definitions and Abbreviations" for Technical, Company / Industry related Terms or Abbreviations, along with the expanded form, suitable meaning / explanation to be provided in simple language.
6. The LM to also ensure that the entire DRHP the language used is lucid, usage of abbreviations is limited, abbreviations to be used in the para, if already quoted in the same page /heading, any expressions, jargons or nomenclatures from other languages or not commonly used, are explained clearly at every place where they are used.
7. LM is advised to disclose the face value of the Issuer Company where the number of shares has been mentioned in the DRHP.
8. LM is advised to ensure that the disclosure of risk factors are based on materiality also provide adequate and to make cross-reference the exact page no. of DRHP, wherein the details of information has been disclosed.
9. LM is advised make refer exact page no. of DRHP, wherein the details of information has been disclosed.
10. LM is advised to incorporate all the certificate certified by the Chartered Accountants under section Material contracts and documents for inspection.
11. Pre-IPO Placement – The DRHP contains a statement that "Our Company, in consultation with the BRLM may consider a pre-IPO placement....."  
The BRLM is advised to disclose prominently the price and the name of the shareholders on the day of the allotment if any Pre-IPO Placement is done.  
LM is advised to confirm and disclose that the pre-IPO allottee has been appropriately written / intimated in letter that there is no guarantee that the IPO may come through or listing shall happen and the investment is being done solely at the risk of the investor. Further such disclosure to be made part of the DRHP as well, in all places where Pre-IPO is mentioned. Such intimation shall be before the shares are allocated.  
In reference to pre-IPO placement undertaken by the company, LM is advised to suitably disclose risk to investors applying in IPO whether the pre-IPO was at a price higher / lower than the IPO price in the price band advertisement.

LM is advised to ensure compliance with SEBI direction to AIBI vide email dated July 4, 2023 related to disclosures pertaining to Pre-IPO placement and transaction of shares by promoters and promoter group(s) in the Public Announcement and Price Band Advertisement.

Further appropriate disclosure to be made in the price band and other advertisements by the Issuer/BRLM with respect to the issue price of Pre-IPO shares and any secondary transactions.

12. With respect industry reports commissioned by third party agency, LMs are advised that draft offer document and the offer document, shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company/ Expert. The Issuer Company / BRLMs shall ensure that the "Industry Overview" section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor any underlying assumptions have been omitted for investors to make an informed decision.
13. LM is advised to include industry report in the list of material documents for inspection and also provide a link in the offer document including other material documents mentioned in the offer documents, for online access.
14. LM shall ensure that the offer documents of the company should provide - Price at which specified securities were acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right to nominate directors or any other rights. Following details may be disclosed for such transactions in tabular format – name of acquirer, date of acquisition, number of shares acquired and acquisition price per share.
15. Risk Factors – Every Risk Factor shall be provided with a cross reference to the detailed description of the facts/reasons in the updated DRHP / RHP, wherever applicable.
16. LM is advised that Market Value at Issue Price to Total Turnover and P.E. Ratio at issue price can be added in Price Advertisement. Also, LM is advised to add suitable risk factor as Risk Factor 1 in this regard.
17. 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.
18. Industry report – LM is advised to remove the disclaimers and update the data.
19. 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.
20. LM shall disclose the details of the pledged shares held by the promoters / Issuer Company / its subsidiaries.
21. 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.
22. 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.

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23. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in RHP.
24. 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.
25. LM is advised to update the financial information in suitable places in the DRHP.
26. LM is advised to update the details of borrowing in suitable places in the DRHP.
27. LM is advised to incorporate all the observations by other regulators and update the details of in suitable places in the offer document.
28. Under section Basis of Offer Price, LM is advised to disclose that the certificate issued with respect to KPIs shall be included in the list of material documents for inspection.
29. LM is advised to confirm that all transactions in Equity Shares by the Promoters shall be reported to the Stock Exchanges within 24 hours of such transactions. Also, the details of such transactions shall also be included in the Price Band advertisement.
30. Our Management – LM is advised to disclose the details of nominees of the shareholders, if any.
31. As regard the employees of the Issuer company, LM is advised to disclose whether the statutory dues to the Government and provident fund for all full time employees have been paid and now the employees for whom the statutory dues and provident fund are paid. LM shall disclose total PF being paid for number of employees and whether the same is paid as per statutory law/obligation and the amount paid. Such details and bifurcation shall be disclosed for various dues such as PF, ESIC, GST, TDS, other statutory contributions etc shall be given in the document and whether the obligation have been duly discharged in terms of the applicable laws.
32. LM to include a categorical statement that it has gone through the Articles of Association (AoA) of the Issuer Company and confirm to SEBI that no special rights are available to the Promoters / Shareholders in the AoA, at the time of filing of the offer document.
33. LMs shall confirm to SEBI that as on the date of the offer document, the clauses / covenants of AoA of the Issuer Company are in compliance with the Companies Act and the Securities Laws, as applicable
34. Regarding Articles of Association, LM is advised to be guided by the principle that all special rights under any shareholder or other agreement or Articles shall stand terminated in accordance with the provisions and can be instated only on the basis of shareholder approval through special resolution.
35. LM is advised to disclose the details of shares acquired by Anil Mehta along with acquisition price of the Issuer Company suitably in the draft offer document. Also, disclose the details ESOPs allotted to Anil Mehta being a promoter of the Company in the draft offer document.

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36. Regarding the shares allotted to Anjali Mehta, LM is advised to disclose suitably that the said shares are coming under the shareholding of promoter and promoter group under section capital structure.

**Summary**

37. Page 22 – LM is advised to disclose the details of relation between Nexus Venture III Ltd and Nexus Opportunity Fund II Ltd. Also, provide the ultimate beneficiary owner details of all the selling shareholders including these two selling shareholders.
38. Page 24 – LM is advised to disclose the % of shareholding of the acquirers in the Table and at other places suitably. Also, disclose the related party transactions as per the format with the names / associations etc. in the DRHP
39. LM is advised to substantiate or remove “*extensive distribution network and a scalable technology infrastructure*” in the DRHP.
40. LM is advised to disclose the beneficiary owner details of promoters of issuer company i.e. WestBridge Crossover Fund, LLC, Aravali Investment Holdings.
41. LM is advised to disclose the beneficiary owner details of Nexus Ventures III, Ltd and Nexus Opportunity Fund II, Ltd, who are the major shareholders of issuer company and also the selling shareholders.
42. LM is advised to confirm/ disclose whether the post issue shareholding of promoters and selling shareholders would be lock in in terms of ICDR Regulations.
43. LM is advised to disclose the names of the subsidiary company, their activity, key financials and also, disclose the website, wherein the standalone financials have been disclosed. Further, confirm that the consolidated financials of the Issuer Company comprises the financials of the Issuer Company and its subsidiaries.

**Risk Factors**

44. LM is advised to make a separate risk factor suitably regarding the fund requirement and deployment are on own estimates and not appraised by any one.
45. LM is advised to make separate risk factor regarding Aptus Value Housing Finance India Limited, one of promoter of the Issuer Company and also may be invested in the Issuer Company. There may be conflict of interest among these two Companies as they are in the same line of business
46. LM is advised to make a risk factor regarding ASM and GSM.
47. LM is advised to make a separate risk factor under suitable heading in DRHP regarding competition Risk i.e. risk and its impact on business of issuer company due to competition of major players who are in the business of lending to housing finance sector of India comprises public sector banks, private sector banks, housing finance companies, non-banking financial companies and other players.
48. LM is advised to disclose that the majority of loans are to self-employed which are having higher risk of non-payment or default as separate risk factor along with data under suitable heading in DRHP.
49. LM is advised to make a separate risk factor on credit risk of borrowers and possible impact of the same on issuer company in the DRHP.

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50. RF 1 – LM is advised to disclose the details of NCDs, its ratings, default etc. suitably in the draft offer document and make a reference to the page no. of the DRHP, wherein the details have been disclosed in the said risk factor.
51. RF-1 - LM is advised to make a separate risk factor as disclosed in the last para of the risk factor 1 i.e. "Furthermore, changes in economic, regulatory and financial conditions or any lack of liquidity in the....."
52. RF 2 - LM is advised to disclose the details and period of non-disposal undertaking with respect to shareholding by the promoters.
53. RF 3 – LM is advised to make a statement that major proportion of the AUM is concentrated in three states to the tune of 63.4% of AUM in the fiscal year 2023.
54. RF 4 – LM is advised to make the said risk factor as risk factor 3. Also, disclose the details of provisions made and its impact on the profitability of the issuer company in the DRHP.
55. RF 5 – LM is advised to modify the said risk factor suitably as "The credit quality of our loan book may deteriorate, if we are unable to implement effective monitoring and collection methods, our results of operations and financial condition may be adversely affected". Also, disclose the NPA figures in the heading of the risk factor.
56. RF 6 - It is stated that "*in case insolvency proceedings are initiated under the IBC against a debtor to our Company, we may not have complete control over the recovery of amounts due to us*" LM to disclose the details of cases of IBC in the last three years.
57. RF 7 - As regards the inspection by NHB and RBI, LM is advised to disclose the observations suitably in the risk factor and refer the page no. of DRHP, where the details in this regard have been disclosed. Also to disclose whether there are any uncomplained observations of RBI and NHB are there, else a negative statement to be disclosed.
58. RF 8 – LM is advised to replace the word "We are" with "Our business is" in the said risk factor. Also, make more clarity in treasury operation business of the Issuer Company and make a reference to the page no. of DRHP, wherein the details have been disclosed.
59. RF 9- LM is advised to disclose the impact of asset liability mismatch on the business of issuer company along with data in the DRHP.
60. RF 10 – LM is advised to modify the said risk factor suitably as "We may not be able to sustain growth in the future as our business is subject to factors like competition, customer requirements etc.". Also, disclose any special rive was lunched or advertisement campaign made for the growth of business operation of the Issuer Company for increase in business in the last FY. If not, disclose a negative statement in this regard.
61. RF 13 - LM is advised to modify the said risk factor suitably as "*We may not be able to identify, monitor and manage risks or effectively implement our risk management policies which may adversely affect our business operations*".
62. RF 14 – LM is advised to disclose whether the Issuer Company depends on third party for KYC verification, income, assets, financial transactions and credit history etc. IF, not disclose a negative statement in this regard.
63. RF 13, 14 and 15 – LM is advised to make the said risk factors to Top 10.

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64. RF 16 – LM is advised to disclose the detailed calculation of achievements with regard to the Tier I and Tier II Capital of the Issuer Company. Also, make a risk factor regarding high CAR.
65. RF 19 – LM is advised disclose last 3 years' ratings along with the details of rating withdrawal / non-acceptance, if any in the last three years.
66. RF 20 - LM is advised to make the said risk factor to Top 15.
67. RF 24 - LM is advised to disclose the reasons for increase in cash collections and actions, if any taken by NHB.
68. RF 26- LM is advised to disclose the details of any past AML/ CFT violations, if any in the DRHP.
69. RF 27 – LM is advised to disclose that none of the premises are taken on lease which belongs to the promoters, promoter group, directors, KMPs or their relatives or any person related directly or indirectly in any manner of the issuer / group / subsidiary etc. if any a negative statement to be disclosed.
70. RF 28 – LM is advised to specify the approvals for which the Company has submitted applications.
71. RF 30 – LM is advised to disclose the details of actions by BSE as regards the NCDs of the Issuer Company.
72. RF 37- LM is advised to disclose the attrition rate of all employees.
73. RF 40 – LM is advised to disclose the price of the shares in the said risk factor in the last 12 months.
74. RF 44 - LM is advised to disclose the number of IBC cases and value, if any in the past three years.
75. RF 47 – LM is advised to incorporate that the industry report is paid and commissioned by the Issuer Company in the heading of the said risk factor. LM is cautioned that this manner of disclosure as advised above in RF has been done in the past but not disclosed here.
76. Page 64 - LM is advised to explain the increase in cash and cash equivalents in FY 2023 compared to FY 2022 along with reasons and also incorporate suitable risk factor, if applicable in the DRHP.
77. Page 64 - LM to explain the increase in cash and cash equivalents in FY 2023 compared to FY 2022 along with reasons and also incorporate suitable risk factor, if applicable in the DRHP.
78. Page 87 – As regard the footnote of the Table below regarding Form 2, erroneous Board resolution, issuance of preference shares, allotment details. Division, LM is advised to refer to RoC/MCA for their ascertaining.
79. Page 88 - LM is advised to disclose the details of shares under "Issue of shares at a price lower than the Offer Price in the last year".
80. Page 91 – LM is advised to disclose the details of holding of Nexus entities, its holding capacity etc. suitably in the draft offer document.
81. Shareholding of Promoter and promoter Group – As disclosed at page no. 91, the total shareholdings of Promoter and promoter Group is 57.1% whereas as per page no. 94, the said shareholding is 57.4%. LM is advised to clarify the discrepancy of the said figure.

82. Page 95 – 12(a) – LM is advised to confirm that the shareholders are the original allottees or they received the shares in secondary transactions. LM is advised to disclose the same in the instant table with price details.
83. Page 96 – 12(d) – LM is advised to confirm that the shareholders and their promoters and directors are not having any violations relating to securities market. Also to be disclosed whether these the promoters/promoter group/directors/KMPs of these shareholders / their group/ subsidiary/UBO is not related directly / indirectly or in any manner with the promoters/promoter group/directors/KMPs of the issuers.
84. Regarding the object of the issue to meet capital requirement towards onward lending, LM is advised to bring more clarity in the para “.....*We accordingly, propose to utilize an amount aggregating to ₹ 8,000 million out of the Net Proceeds to meet our future capital requirements towards onward lending.....*” that whether the proceeds to be used for Tier I capital or for lending.
85. Page 107 - Regarding object of the Issue i.e. to meet future capital requirements towards onward lending, LM is advised to justify the utilization of net proceeds for the said object, as the CAR for the Tier I Capital has more than 51% which is more than the requirement.
86. Page 109 – LM is advised to disclose the complete calculation of CRAR of the Tier I and Tier II Capital.
87. Page 110 – It has been disclosed that “ .....*The Selling Shareholders agree that upon commencement of listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer .....*”. In this regard, LM is advised to make a disclosure that the issue expenses to be shares by the selling shareholders even if the proposed offer does not go through or does not get listed.
88. Page 113– Qualitative factors –
- Regarding the statement *one of the fastest growing assets under management among housing finance companies in India, high yields, and granular, retail focused portfolio*, LM is advised to delete since the high yield and the details in this regard is not justified.
  - Regarding statements *“extensive and diversified Phygital distribution network with significant presence in Tier II and Tier III cities”*. LM is advised to justify the statement and the details in this regard is also disclosed at page no. 188 of the DRHP
  - Under qualitative factors, LM has stated that “one of the fastest growing assets under management among housing finance companies in India, high yields”. It is noted from the page 116 that the *average yield on advances* has reduced from FY 2022 to FY 2023. LM is advised to substantiate or remove the same from DRHP.
  - Basis of Issue Price – LM is advised to disclose to the detailed Criteria for selection of peer companies
89. Page 185 – LM is advised to disclose the credit ratings for the last three years.
90. Page 188 –LM is advised to justify the feet on street with data, total number of customers on boarded thru feet on street and their percentage business of the overall business.
91. Page 221 – LM is advised to confirm that all special rights to be terminated before filing the UDRHP for the proposed IPO of the Issuer Company.

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92. Page 226 – foot note 2 – LM is advised to make a suitable disclosure regarding rights available to Nexus entities shall stand terminated pursuant to the listing of the Equity Shares on Stock Exchanges.
93. Page 227 – LM is advised to specify the nominee directors by whom for the directors namely, Sailesh J. Mehta and Sumir Chadha.
94. Page 231 – LM is advised to provide the details of resignation of Anil Mehta.
95. Page 359 – LM is advised to update the status of the proceedings relating to Anup Kumar Gupta.
96. Regarding the subsidiary, India Shelter Capital Finance Limited, LM is advised to disclose the details of financing by the subsidiary.
97. LM is advised to adhere to the following conditions:
- UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
  - UDRHP shall contain necessary updated disclosures justifying the offer price under Section – “Basis for offer price”, “Risk Factors” etc., particularly emphasising on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration, P/E ratio in case DRHP is filed under Regulation 6 (1) of the ICDR Regulations (and /or) Market Cap / Total Revenue ratio in case DRHP is filed under Regulation 6 (2) of the ICDR Regulations), with corresponding suitable explanations so as to justify the offer price”.
98. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
99. LM is advised to ensure compliance with all the directions given to Association of Investment Bankers of India (AIBI).

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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 the processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021."
8. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
9. In pursuance of Regulation 25, Sub-Regulation 9(a) of SEBI (ICDR) Regulations, 2018, LM is advised to certify while submitting the in-seriatim reply that all amendments, suggestions and observations advised by SEBI have been complied with and duly incorporated in the offer document, while also indicating the page number for the same.
- 10. ASBA:**
  - i) LM is advised to ensure that sufficient number of Physical ASBA forms are printed and dispatched directly to all designated branches of SCSBs which are located in places of mandatory collection centres as specified in Schedule XII of SEBI (ICDR) Regulations, 2018, Syndicate Members and Registered Brokers of Stock Exchanges, the Registrars to an Issue and Share Transfer Agents (RTAs) and Depository Participants (DPs)

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registered with SEBI, at least two days before the opening of the issue. This shall be in addition to ASBA forms which shall be sent to controlling branch of SCSBs for sending to designated branches other than those located in mandatory collection center.

- ii) LM is advised to ensure that the ASBA mode of payment is highlighted in bold in all the advertisement / communication informing about the issue. Further, LM is also advised to ensure that the following is suitably incorporated in all advertisements / communications regarding the issue issued by the issuer:

- a. The following may appear just below the price information of the issue as shown below:

**“PRICE BAND: RS. xx TO RS. xx PER EQUITY SHARE OF FACE VALUE OF RS. xx EACH**

**THE FLOOR PRICE IS xx TIMES OF THE FACE VALUE AND THE CAP PRICE IS xx TIMES OF THE FACE VALUE**

**BID CAN BE MADE FOR A MINIMUM OF xx EQUITY SHARES AND IN MULTIPLES OF xx EQUITY SHARES THEREAFTER.**

## **ASBA \***

(APPLICATION SUPPORTED BY BLOCKED AMOUNT)

**Simple, Safe, Smart way of Application !!!**

**Mandatory in public issue .No cheque will be accepted**



**now available in ASBA for retail individual investors.**

*\* ASBA is a better way of applying to issues by simply blocking the fund in the bank account.*

*For further details check section on ASBA below.”*

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

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*"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](http://www.sebi.gov.in).\*\* List of banks supporting UPI is also available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)\*\*.*

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