



भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India

प्रबंधक/Manager,  
निर्गम एवं सूचीबद्धता प्रभाग-II/ Division of Issues and Listing-II,  
रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार/Registration, Approval and Correspondences  
निगम वित्त विभाग/Corporation Finance Department,  
ई-मेल/Email :- [adeshs@sebi.gov.in](mailto:adeshs@sebi.gov.in)  
दूरभाष सं./Tel. No :- 022-2644 9985

SEBI/HO/CFD/RAC-DIL2/P/OW/2025/18877/1

July 14, 2025

Motilal Oswal Investment Advisors Limited  
Motilal Oswal Tower, Rahimtullah Sayani Road,  
Opposite Parel ST Depot, Prabhadevi, Mumbai 400 025  
Maharashtra, India

Kind Attention : Mr. Akash Aggarwal

महोदय / Sir,

**विषय / Sub: Fujiyama Power Systems Limited का प्रस्तावित आईपीओ / Proposed IPO of Fujiyama Power Systems Limited ("the company")**

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 is 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 you file 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 विनिमय बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते

जाने के संबंध में तारीख 06 March, 2025 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 March 06, 2025, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

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 is 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 डॉक्यूमेंट) 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, 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 is, 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 is issued by SEBI.

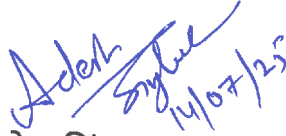
7. प्रस्तावित निर्गम (इश्यू) इस अभिमत पत्र के जारी होने की तारीख से 12 महीनों के भीतर पैसा लगाने (अभिदान करने / सब्सक्रिप्शन) के लिए खोला जा सकता है।

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

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

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

स्थान / Place: मुंबई / Mumbai

  
आदेश सिंघल / Adesh Singhal

Annexure I

OBSERVATIONS

The following are SEBI's observations in respect of Draft Red Herring Prospectus of Fujiyama Power Systems Limited. These observations while referring to a specific chapter or point, the LM shall however ensure to disclose the same across all pages/chapters where the same/similar matter occurs in the DRHP. The BRLM shall also ensure that these disclosures are made in all filings with

1. Please refer to our email dated April 25, 2025 and your letters dated May 09, 2025 and all other correspondences exchanged. LM is advised to ensure compliance with the same.
2. With regard to above, LM is advised to ensure that the changes made pursuant to our clarifications are duly incorporated in the updated DRHP and RHP and Abridged Prospectus.
3. Wherever the LM has undertaken to modify / delete the risk factors or in other relevant section of the DRHP in its replies, the same shall be duly modified and incorporated in the updated DRHP / RHP.
4. Wherever the LM has mentioned "*Complied with*" or "*Noted for compliance*" or "*Complied with and noted for compliance*" or "*Complied with to the extent applicable*" or "*Complied with, to the extent applicable and noted for compliance*" or "*Complied with and noted for compliance, to the extent applicable*" in its replies, LM shall ensure that the same are duly complied with.
5. 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.
6. LM is advised to ensure that the primary business of the company shall be disclosed in lucid and economical language. The disclosure shall specify the industry, sector, activity, products etc with clarity.
7. LM is advised to ensure that the disclosure of risk factors are based on materiality, to be supported by quantifiable data to bring out the risk and to make cross-reference the exact page no. of DRHP, wherein the details of information has been disclosed.
8. LM is advised to disclose in the RHP that the company, its Directors and its promoters / promoter group are not declared as "Fraudulent Borrowers" by the lending banks or financial institutions or consortium, in terms of RBI master circular dated July 01, 2016.





9. LM is advised to update the UDRHP, in case any action against Issuer Company, any of the Promoters and Directors, Promoter Group of the Issuer Company, in the past has been initiated or concluded by SEBI.

10. LM is advised to disclose the below in the Price Band Advertisement :-

- i) Market Cap to Revenue (on Cap and Floor Prices)
- ii) Market Cap to Tangible Assets (on Cap and Floor Prices)
- iii) EV/EBITDA (on Cap and Floor Price)

And compare the same with peers and industry in which company operates. In addition to this, a separate risk factor should also be inserted as Top 10 Risk Factor under “Internal Risk Factors” Category mentioning the above parameters along with comparison with peers and industry in which company operates.

11. LM shall also ensure that all the complaints received so far, if any and forwarded by SEBI for its comments be made part of the material documents for inspection.
12. LM is advised to disclose the details of all profit sharing arrangements involving the Issuer, promoters, promoter group, directors and shareholders, if any
13. LM is advised to disclose names of competitors/ peers in Industry Overview section, wherever applicable.
14. LM shall confirm 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.
15. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.
16. LM is advised to delete statements whereby any ranking/ achievement/ performance of the Issuer company basis any selective parameters is disclosed in comparison to assessed peers/ listed peers/ selected Indian peers only and not on Industry/ market wide performance of Issuer company from all sections except Industry Overview section.
17. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in the RHP.
18. LM is advised to verify and disclose if the name of any of the directors, promoter and promoter group persons is appearing in the list of directors of struck-off companies by ROC/ MCA. Also verify 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.
19. 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 Red Hearing Prospectus and other Offer 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.

20. 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 Red Hearing Prospectus along with appropriate risk factors in this regard.
21. 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.
22. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
23. LM is advised to ensure that Top 5 risk factors should be made part of Price Advertisement and should also form part of Abridged Prospectus.
24. Under section "Monitoring of Utilization of funds", LM is also advised to make suitable disclosure on following points:
  - i) The proceeds of the issue shall also be monitored by the Audit Committee till utilization of the proceeds.
  - ii) Issuer Company shall provide details / information / certifications obtained from statutory auditors on the utilization of the Net Proceeds to the Monitoring Agency.
  - iii) Issuer Company shall for the purpose of quarterly report by Monitoring Agency, provide item by item description for all the expense heads under each object of the issue.
  - iv) Issuer Company shall in its quarterly Notes to Accounts of its Financial Statements include the employment of issue proceeds under various expense heads.
  - v) For any investments in acquisitions or strategic partnership or any inorganic growth initiative, post IPO from the IPO proceeds, detailed disclosures of same shall be made in public domain at that time.
25. LM is advised to ensure the utilization and monitoring of the issue proceeds to be precise and any changes shall be in terms of law and as per the revised framework.
26. 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.
27. LM is advised to prominently disclose on top of the page that the deployment of funds have not been appraised by any bank, or financial institution.
28. LM is advised to comply with SEBI circular SEBI/HO/CFD/SSEP/CIR/P/2022/14 dated February 04, 2022.

29. LM is advised to adhere to the following conditions:

- i) UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
- ii) 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, Price to Earnings ratio and/or Market Cap to Total Revenue ratio etc.), with corresponding suitable explanations so as to justify the offer price".

30. 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 is 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]%. "*
- iii. *Details of issue price and allottees of the pre-ipo placement or any secondary transactions by the selling shareholders from the date of filing of DRHP till the date of issuance of Price Band Advertisement..*

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.



**31. Financial Indebtedness :-**

- i) LM is advised to disclose table for last 3 FYs and stub Period, if any. The table should contain Date of Sanctioning of the Loan, Opening Balance of Loan from a particular bank, Closing Balance of Loan from a Particular Bank, Any new loan sanctioned during the period and amount repaid during the period. (Type of Loan Wise)
- ii) LM is advised to ensure that there are no other covenants as disclosed in the offer document.

32. LM is advised to include all Financial Metrics Numbers disclosed in DRHP as a separate portion under Sub-Section "Summary of Financial Information". This section must include different segment of revenue including Revenue Classification based on products, Geography, etc.

33. The DRHP suffers from numerous grammatical/language errors, incomplete words./statements etc. LM is advised to proof read the entire DRHP and remove these errors. Further, LM is advised to avoid such errors in future filings.

34. LM is advised to remove all the adjectives from Summary of Primary Business of the company and focus only on the business activities carried out by the company.

35. LM is advised to re-assess the nature of relationship between company and concerned related party mention in Summary of Related Party Transactions.

36. Page 20-21- LM is advised to ensure that "Forward looking statements" not to contain risk factors or reference to risk factors.

37. Page 22 :- LM is advised to remove the statement "The interplay between expanding....go hand in hand" from the summary of the industry.

38. Page 27- LM is advised to disclose the reasons for the large bonus issue just a few months prior to filing the DRHP with SEBI.

**39. Risk Factors :-**

- i) LM is advised to delete the reference to the Industry Report for the information pertaining to the issuer company.
- ii) LM is advised to re-assess the heading of all the risk factors and focus only on the inherent risk involved. For instance, Heading of many of the risk factors states the operational achievements of the company which diminishes the relevance of the risk being described in the risk factor. LM is advised to refrain from doing so in all the future filings with the Board/ Stock Exchanges.
- iii) Risk Factor 1 :- LM is advised to ensure that heading and the body of the risk factor should not include irrelevant information and specifically focused on the inherent risk. LM is advised provide Cross Reference for products manufactured, capacity

utilization, etc. Further, LM is advised to bifurcate the risk factor in two separate risk factors – Geographical Concentration of Existing Manufacturing Facilities and Operational Risks in Operating such Manufacturing Facilities

- iv) LM is advised to add a separate risk factor disclosing the risk related to enter into New Geographical Region
- v) Risk Factor 2 :- LM is advised to ensure that heading and the body of the risk factor should not include irrelevant information and specifically focused on the inherent risk.
- vi) Risk factor no. 3- LM is advised to redraft the beginning of the heading of risk factor to reflect that a significant part of the raw materials is imported from China. Further, LM is advised to disclose any such restrictions/changes in import duties imposed in the past and its impact on the business of the issuer company. Also, LM is advised to disclose details of other importers, in brief.
- vii) Risk Factor 4 :- LM is advised to disclose the supplier concentration, if any. Further LM is advised to disclose separate data for Materials and components. Also, LM is advised to disclose No. of Active Suppliers during last 3 FYs and stub period. LM is advised to add separate risk factor for absence of long term arrangements with customers and suppliers. Also, LM is advised to disclose Instances of delay in supply by the third party suppliers in the past, and its impact on the business of the issuer company, if any. In case there are no such instances, LM is advised to add a specific statement to this effect.
- viii) Risk Factor 5 :- LM is advised to ensure that heading and the body of the risk factor should not include irrelevant information and specifically focused on the inherent risk. Further, LM is advised to provide Cross Reference for existing manufacturing facilities, capacity utilization, etc. Further, LM is advised to disclose actual amount out of the net proceeds and as a % of the total net proceeds proposed to be utilized for the capital expenditure in the heading of the risk factor as well as in the description below. Also, LM is advised to confirm and disclose whether “Sunrise Engineers” are directly or indirectly related with the company, promoters and promoter group, its directors, KMPs, SMPs and its subsidiaries.
- ix) Risk Factor 6 :- LM is advised to provide details of no. of states in which the company has its distributors, dealers and exclusive “shoppe” franchisees. Further, LM is advised to disclose geographical concentration, if any. Also, LM is advised to disclose instances of termination of contract/cancellation of purchase orders in the past, by the distributors/dealers/franchisees and its impact on the business of the issuer company, if any. In case there are no such instances, LM is advised to add a specific statement to this effect.
- x) Risk factor no. 8- LM is advised to bifurcate the said risk factor into two separate risk factors i.e. The risk factor regarding cost of funding and risk factor regarding proposed expansion plans being based on demand forecasts.
- xi) Page 40 :- LM is advised to disclose if the company has any policy for hedging the foreign exchange risk. If no, LM is advised to disclose the same.

- xii) Risk Factor 9 :- LM is advised to mention the name of lender which has right to appoint a nominee director. Further, LM is advised to remove all such rights before listing.
- xiii) Risk Factor 10 :- LM is advised to mention the foreign currency exposure in terms of Purchase of Raw Materials during last 3 FYs and stub period.
- xiv) Risk Factor 11:- LM is advised to ensure that heading and the body of the risk factor should not include irrelevant information and specifically focused on the inherent risk.
- xv) Risk factor no. 12- LM is advised to confirm and disclose at all relevant places in the DRHP that the amount being utilized out of the IPO proceeds for capital expenditure is net of the applicable subsidies.
- xvi) Risk factor no. 13- LM is advised to move this risk factor to Top 5 Internal risk factors.
- xvii) Risk Factor 16 :- LM is advised to confirm whether the loans and advances have been repaid by the group company and also confirm that there is no loan and advance given by the issuer company without appropriate terms and conditions and all such transactions are being carried out at Arms Length Price.
- xviii) Risk factor no. 19- LM is advised to move this risk factor to Top 10 Internal risk factors. Further, LM is advised to disclose a separate risk factor under Top 10 Internal Risk Factors stating the risk on account of the company having no experience/presence in new markets where it plans to enter.
- xix) Risk Factor 20 :- LM is advised to move this risk factor to Top 10 Internal Risk Factors.
- xx) Risk Factor 21 :- LM is advised to disclose cost incurred towards R&D during last 3 FYs and stub period.
- xxi) Risk Factor 22 :- LM is advised to substantiate the risk factor with relevant data and figures.
- xxii) Risk Factor 24 :- LM is advised to disclose number of Transport Providers from which services have been taken during last 3 FYs and stub period. Further, LM is advised to confirm whether these transport providers are directly or indirectly related with the issuer company, its promoter, directors or subsidiaries.
- xxiii) Risk Factor 27 :- LM is advised to disclose Average Attrition Rate for the Industry. Further, LM is advised to reassess the definition for calculating Attrition Rate. Also, LM is advised to move this risk factor to Top 10 Internal risk factors.
- xxiv) Risk factor no. 28- LM is advised to move this risk factor to Top 15 Internal risk factors. Further, LM is advised to disclose the aggregate number of pending consumer complaints/claims and the aggregate amount involved in such complaints/claims.



- xxv) Risk factor no. 29- LM is advised to disclose instances of shortages in the past which had a material adverse effect on the business of the issuer company, if any. If no such instance, LM is advised to make a specific negative statement to this effect.
- xxvi) Risk Factor 33 :- LM is advised to move this risk factor to Top 20 Internal risk factors.
- xxvii) Risk Factor 34 :- LM is advised to move this risk factor to Top 20 Internal risk factors. Further, LM is advised to add reference to clauses for Variation in objects in terms of amount and period.
- xxviii) Risk Factor 36 :- LM is advised to disclose All approvals/ licences/ registrations/ permissions pending/ expired/ not yet applied for in a tabular form. Further, LM is advised to move this risk factor to Top 20 Internal risk factors.
- xxix) Risk Factor 39 :- LM is advised to disclose instances in the past, if any, where the issuer company's business was adversely affected on account of non performance of third party contractors or where the contract labourers have claimed full time employment.
- xxx) Risk factor 43- LM is advised to disclose instances of failure of the internal controls and compliance system in the past which adversely affected the issuer company, if any. If no such instance, LM is advised to add a specific negative statement to this effect.
- xxxi) Risk Factor 46 :- LM is advised to merge this risk factor with other relevant risk factor.
- xxxii) Risk Factor 47 :- LM is advised to confirm whether the ESOPs are in compliance with The Companies Act and no ESOP has been granted to Promoter, Promoter Group or their relatives directly or indirectly.
- xxxiii) Risk Factor 50 :- LM is advised to disclose the name of the lessor. Further, LM is advised to confirm whether lessor is directly or indirectly related with issuer company, its promoter, promoter group, directors and its subsidiaries. Also, LM is advised to move this risk factor to Top 15 Internal Risk Factor.
- xxxiv) Risk factor 53- LM is advised to disclose steps taken by the issuer company to address the conflict of interest including monitoring of the same by the Board and the Board Committees.
- xxxv) Risk Factor 54 :- LM is advised to move this risk factor to Top 15 Internal Risk Factor.
- xxxvi) Risk Factor 55 :- LM is advised to confirm and disclose whether "CARE Ratings Limited" are directly or indirectly related with the company, promoters and promoter group, its directors, KMPs, SMPs and its subsidiaries.
- xxxvii) Risk factor no. 57- LM is advised to disclose material claims made by the customers for deficiency in customer service/support, if any.



xxxviii) Risk factor no. 68 – LM is advised to suitably explain with illustration how rights of shareholders of Indian companies may be more limited than under the laws of other jurisdictions.

xxxix) Risk factor 80 - It may not be appropriate to state that as a consequence of the Takeover Regulations of SEBI, even if a potential takeover of the issuer company would result in purchase of the 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 is advised to either consider either removing this statement or redrafting it suitably.

xl) LM is advised to add a separate risk factor that the company will not receive any proceeds from the Offer for Sale component of the issue.

**40. Financial Statements :-**

i) LM is advised to explain the process of due-diligence adopted by LM for ensuring the fairness of disclosure with respect to Revenue from Operations of the company and Order Book of the company.

**41. General Information :-**

i) LM is advised to disclose whether the Previous Auditor had Peer Review Certificate.

42. Page 115 :- LM is advised to consider re-drafting of the disclosures being made under Details of Object of the offer.

43. Page 117- LM is advised to disclose if the consultant is related to promoter/promoter group/directors/KMPs/SMPs of the issuer company/its subsidiary/its group companies.

44. Page 118-119 – LM is advised to disclose exact make and model of each of the machineries. Further, LM is advised to disclose relation of the suppliers/ vendors with promoter/promoter group/ directors/ KMPs/ SMPs of the issuer company/ its subsidiary/ its group companies, if any.

45. Page 127- In respect of the loans at Sr. Nos. 7 and 8, these loans were repayable over 11 months and 17 months respectively. However, these loans are still to be repaid. In this regard, LM is advised to disclose if the company has defaulted in repayment of these loans or these loans have been restructured and if yes, LM is advised to disclose the reason for the restructuring alongwith terms and conditions including interest rate payable on the restructured loans.

46. Page 180- It is stated that rooftop solar is perceived to be risky compared to other types of installations. LM is advised to add a separate risk factor for the same.

47. Page 190- It is stated that India's solar manufacturing industry remains heavily dependent on imports. LM is advised to add a separate risk factor for the same.

48. Page 194- 195- LM is advised to disclose the definition of Wp in the chapter on industry/business related terms. Also, it is stated that in FY24, about 73% of solar panels



are imported primarily from China, due to lower production costs and advanced manufacturing. This implies that the domestic solar manufacturing industry faces a strong competition from imports. Also, as can be seen from Chart 46, the domestic vs import mix has continuously increased from FY 19 to FY24 in favour of imports. LM is advised to ensure that all this including the data is included in the relevant risk factor pertaining to competition.

49. Page 202- LM is advised to include Terms MOSFET and IGBT in the Chapter on industry/business related terms.
50. Page 206- In the paragraph " As per the CEO Magazine.....in 2014, meaning of 'Online UPS with single card', 'Combo UPS along with AVR in India', LM is advised to clarify and disclose the same.
51. Page 235- 'Considerable sales' means sale above 500 million- LM is advised to clearly disclose the unit of this figure of 500 million i.e. whether in Rs. etc.
52. Page 299- LM is advised to disclose the relationship, if any, of Shri Sandeep Dua and Shri Shubham Garg with the promoters/directors. Also, since Shri Sandeep Dua is holding a very important position of Associate Director and is responsible for managing the overall operations of the Greater Noida facility, LM is advised to elaborate in detail his earlier experience in handling the business being run by the issuer company including projects handled earlier by him.
53. Page 301 – LM is advised to disclose the reason for resignation of the earlier Company Secretary Shri Chander Sekhar Sharma on November 30, 2024.
54. Page 406 :- LM is advised to re-assess the alignment of heading "Tax Claims".
55. Page 419 :- LM is advised to confirm and disclose whether "Experts to the offer" are directly or indirectly related with the company, promoters and promoter group, its directors, KMPs, SMPs and its subsidiaries.

X

**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 cover page to be strictly in compliance with the ICDR Schedule VI- all extra texts is avoided to ensure that the focus remains on the statutory texts mentioned in the Schedule.
3. LM is advised to ensure compliance of relevant circulars issued by SEBI in addition to circulars specifically mentioned in this observation letter.
4. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
5. 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.
6. LM is advised to ensure that the processing fees for applications made by Retail Individual Bidders using the UPI Mechanism is 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.
7. 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 is, and the date of allotment of specified securities, while ensuring compliance with Regulation 42 and Schedule IX of SEBI (ICDR) Regulations, 2018.
8. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
9. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
10. 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.

11. LM shall confirm to SEBI that as on the date of the offer document, the clauses/ covenants of Articles of Association (AoA) of the issuer company are in compliance with the Companies Act and the Securities Laws, as applicable.

12. 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.
- 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 is inserted in the advertisement/Communications:

*"ASBA has to be availed by all the investors except anchor investors. UPI is 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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