

**Kamlesh Shinde**

---

**From:** Kristina Dias /CORP FNC/ISEC/MUMBAI <kristina.dias@icicisecurities.com>  
**Sent:** Friday, September 22, 2023 4:30 PM  
**To:** 'KCO | Project | Arctic2022'; kenny@cpc.legal; john.chrisman@dentons.com; candy@cpc.legal; Kamlesh Shinde; 'INOX TEAM ARCTIC - Manmohan Varma'  
**Cc:** pavan.logar@inoxcva.com; 'arctic.2022'; arctic@axiscap.in; Group I-SEC PROJECT ARCTIC  
**Subject:** Project Arctic | SEBI interim observations  
**Attachments:** SEBI letter dated September 22, 2023 - Inox India Limited.pdf  
**Importance:** High

Dear All,  
Please see attached interim observations received from SEBI.  
Request KCO and Dentons teams to share the draft response along with the requisition list for the company **by tomorrow EOD**.  
Thanks.

**Best Regards,**  
Kristina Dias  
**Investment Banking | ICICI Securities Limited |**  
ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400025, Maharashtra, India  
Mobile +91 9136461759

Print this mail only if absolutely necessary. Save Paper. Save Trees." "The information contained in this e-mail and any attachments to this message are intended for the exclusive use of the intended recipient and may contain proprietary, confidential or legally privileged information. If you are not the intended recipient, please note that you are not authorised to disseminate, distribute or copy this e-mail or any parts of it or act upon/rely on the contents of this e-mail in any manner. Please notify the sender immediately by e-mail and destroy all copies of this e-mail and any attachments. Please also note that ICICI Bank or its subsidiaries and associated companies, (collectively "ICICI Group"), are unable to exercise control or ensure the integrity of/over the contents of the information contained in e-mail transmissions and that any views expressed in this e-mail are not endorsed by/binding on the ICICI Group unless the sender does so expressly with due authority of ICICI Group. Before opening any attachments please check them for viruses and defects and please note that ICICI Group accepts no liability or responsibility for any damage caused by any virus that may be transmitted by this email. Any unauthorized use of this email or any attachment(s) may be treated as infringement of right(s) including right of privacy under the applicable laws of India including Information and Technology Act, 2000. Thank you for your cooperation. Regulatory Disclosures are available on <https://www.icicisecurities.com> (for institutional business) and [www.icicidirect.com](http://www.icicidirect.com) (for retail business).

30

B-30

(P.O)



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

Assistant General Manager  
RAC - Division of Issues and Listing-1  
Corporation Finance Department

SEBI/CFD/RAC-DIL/2023/39796  
September 22, 2023

ICICI Securities Limited  
ICICI Venture House,  
Appasaheb Marathe Marg,  
Prabhadevi,  
Mumbai - 400 025

महोदय / महोदया,  
Dear Sir/Madam,

**विषय: Inox India Limited के प्रारूप प्रारंभिक प्रॉस्पेक्टस के संबंध में स्पष्टीकरण**

**Sub: Clarifications on the DRHP of Inox India Limited**

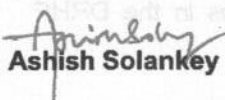
हमें उपरोक्त कंपनी का प्रारूप प्रारंभिक प्रॉस्पेक्टस (डीआरएचपी) प्राप्त हुआ है, जो हमारे पास तारीख August 29, 2023 के पत्र के साथ भिजवाया गया है।

We are in receipt of Draft Red Herring Prospectus (DRHP) of the captioned company forwarded to us vide letter dated August 29, 2023.

इस संबंध में, कृपया संलग्नक-A के अनुसार स्पष्टीकरण प्रदान करें।

In this regard, please provide the clarifications as mentioned at Annexure A.

भवदीय / Yours faithfully,

  
Ashish Solankey

(संलग्नक: उपरोक्तानुसार)

(Encl: As above)



अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

**Annexure A**

**Clarifications sought on the DRHP of Inox India Limited**

With reference to the Draft Red Herring Prospectus of captioned IPO filed with SEBI, you are advised to clarify the following points:

**General Clarifications:**

1. LM is advised to submit whether there has been any instance of issuance of equity shares in the past by the issuer Company, the Group Companies or entities forming part of the Promoter Group to more than 49 investors in violation of:
  - a) Section 67(3) of Companies Act, 1956; or
  - b) Relevant section(s) of Companies Act, 2013, including Section 42 and the rules notified thereunder; or
  - c) The SEBI Regulations; or
  - d) The SEBI (Disclosure and Investor Protection) Guidelines, 2000, as applicable.

**Specific Clarifications:**

2. **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.

All the technical or industry related terms used in the DRHP to be suitably explained.

3. **Summary of the Offer Document**

- Simple conversational language to be used.
- No abbreviations shall be used.

4. LM is advised to ensure that at all places, where the Industry Report has been mentioned, such report to be provided in bibliography / or as web link.

5. Face Value of the shares to be mentioned at all the relevant places in the DRHP including the cover page.

6. **Risk Factors:**

- a) All Risk Factors shall include explanation of the risk, the impact of the risk on the business and operations of the Company, mitigating actions taken by the Company and the material instances observed in past 3 financial years. In case, no material instances observed, the same to be categorically stated.



अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

- b) **Risk Factor 1:** LM is advised to redraft the Risk Factor as it does not provide adequate explanation of the risk.
- c) **Risk Factor 3:** LM is advised to disclose the supplier concentration by providing the details of raw materials sourced from Top 5, Top 10 suppliers.
- d) **Risk Factor 6:** LM is advised to redraft the Risk Factor as it does not provide adequate explanation of the risk.
- e) **Risk Factor 7:** LM is advised to move the Risk Factor to Top 5.
- f) **Risk Factor 8:** LM is advised to disclose the share of revenue from Top 5 export jurisdictions. Further, disclose the potential impact of the investigation initiated by the United States Department of Commerce.
- g) **Risk Factor 12:** LM is advised to disclose the reason for substantial reduction in revenue from Cryo Scientific Division.
- h) **Risk Factor 13:** LM is advised to redraft the Risk Factor as no specific risk has been highlighted.
- i) **Risk Factor 14:** LM is advised to redraft the Risk Factor as exemption was granted by SEBI based on specific circumstances of the case and the said exemption shall stand withdrawn, if there is any change in the circumstances.
- j) **Risk Factor 26:** LM is advised to disclose the details of capacity utilization of the manufacturing facilities in a tabular format.
- k) **Risk Factor 28:** LM is advised to disclose the details of outstanding performance guarantees. Further, disclose the share of revenue derived from such contracts.
- l) **Risk Factor 29:** LM is advised to disclose the status of such applications.
- m) **Risk Factor 30:** LM is advised to modify the Risk Factor to highlight that as on March 31, 2023 the Company did not have any working capital loans.
- n) **Risk Factor 32:** LM is advised to modify the Risk Factor as the risks highlighted are similar to Risk Factor 8.
- o) **Risk Factor 37:** LM is advised to disclose the reasons for increase in Inventory days.
- p) **Risk Factor 38:** LM is advised to confirm whether the insurance obtained is in line with the industry practice.
- q) **Risk Factor 41:** LM is advised to disclose the ownership details of manufacturing facilities in a tabular format. Further, the facilities obtained on lease from promoter and promoter group to be specifically highlighted.
- r) **Risk Factor 45:** LM is advised to disclose the details and extent of the work assigned to the contract labour.





अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

**Additional Risk Factors**

- a) The revenues of the company are concentrated on the Industrial Gas sector.
- b) Disclose the order conversion ratio and related risks.
- c) Disclose the investment in research and development in past 3 financial years.

**7. Capital Structure:**

LM is advised to provide the details of beneficial owners of Industrial Oxygen Limited and Standard Chartered Private Equity (Mauritius) II Limited.

Whether the current promoters have any relation with the founders of the Company.

In view of large number of transactions involving the promoters/ promoter group, disclose whether any transfer is under dispute/litigation.

Provide a detailed note on compliance with the relevant provisions of the Companies Act with regard to the buildup of the shareholding of the promoters/ promoter group and the initial allotments made by the Company to the shareholders.

**8. Basis for offer price:**

The qualitative factors shall be substantiated with data / benchmarks.

**9. Industry Review:**

LM is advised to remove the issuer company specific data from the Industry Review section.

**10. Our Business:**

LM is advised to provide the details of the material properties which are on lease from the Promoters or Promoters Group.

**11. Articles of Association:**

- a) 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.
- b) LMs 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.



अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

**12. Miscellaneous:**

- a) Any risk on pricing of the issue / basis of issue price, track record of BRLMs, average cost of acquisition of shares by selling shareholders etc. which is proposed to be included in the issue advertisement may be submitted.
- b) 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.a) *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."*
- i.b) *Any adverse data/ noting 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]."*
  - *"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 also be disclosed. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments.

\*\*\*\*\*