



सहायक प्रबंधक / Assistant 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
दूरभाष सं. /Tel. No :- 022-2644 9985

SEBI/HO/CFD/RAC-DIL2/P/OW/2025/3136/1
January 29, 2025

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

Kind Attention: Mr. Prem Dcunha/ Mr. Sumit Singh

महोदय / Sir,

विषय / Sub: Aditya Infotech Limited का प्रस्तावित आईपीओ / Proposed IPO of Aditya Infotech Limited ("the company")

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.

RS

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 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 [पंजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिकायरमेंट्स) रेग्यूलेशन्स, 2018] के अनुसार भी किया जाए। ऐसा करना इसलिए जरूरी है, ताकि निवेशक प्रस्तावित निर्गम (इश्यू) में निवेश करने के संबंध में सोच-समझकर निर्णय ले सकें।

It is to be distinctly understood that submission of offer document to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer document. The LMs have certified that the disclosures made in the offer document are generally adequate and are in conformity with SEBI regulations for disclosures and investor protection in force for the time being. The LMs are advised to ensure the same with respect to SEBI (ICDR) Regulations, 2018. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

3. यह भी पूरी तरह से स्पष्ट किया जाता है कि यद्यपि इस बात की जिम्मेदारी मुख्य रूप से निर्गमकर्ता (इश्युअर) कंपनी की होती है कि प्रस्ताव दस्तावेज में समस्त जरूरी जानकारी प्रकट की जाए और जो सही और पर्याप्त हो, फिर भी अग्रणी प्रबंधकों (लीड मैनेजर्स) से अपेक्षित है कि वे यह सुनिश्चित करने के लिए पूरी तत्परता (ड्यू डिलिजेंस) बरतें कि कंपनी अपनी जिम्मेदारियाँ सही ढंग से निभाए, और इसी उद्देश्य से अग्रणी प्रबंधकों ने भारतीय प्रतिभूति और विनियम बोर्ड (मर्चेन्ट बैंकर्स) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 30 सितम्बर, 2024 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

It should also be clearly understood that while the Issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the LMs are expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the LMs have furnished to SEBI a Due Diligence Certificate dated September 30, 2024, 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 may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the LMs any irregularities or lapses in offer document.

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

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

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

The LMs are advised to ensure that a detailed calculation of filing fees in relation to the captioned issue in terms of regulation 25(1) and Schedule III of the SEBI (ICDR) Regulations, 2018 is submitted to SEBI within seven days of filing the Prospectus with ROC / within seven days of filing the Letter of Offer with the stock exchange, as the case may be, along with details of filing fees paid till date.

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

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

आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से अधिक हो, तो ऐसे में आप सेबी को सूचित करेंगे कि कितनी फीस लौटाई जानी है, साथ ही आप यह भी बताएंगे कि आपने लौटाई

जाने वाली फीस की रकम की गणना कैसे की है और सेबी को किसके नाम पर चेक जारी करना होगा।

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


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

The proposed issue can open for subscription within a period of 12 (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 Aditya Infotech 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 letter dated November 12, 2024 and your letters dated December 03, 2024 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 that all abbreviations used in the offer document should be described in "Definition and Abbreviations" section. Kindly note that merely writing the full form of Abbreviations does not define the terms used in the offer document.
6. LM is advised to ensure all quantitative information is 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.
7. LM is advised to ensure that offer documents are made in lucid and economical language with limited usage of abbreviations. Abbreviations, if any, shall be used only with prior and appropriate disclosure of the corresponding term in the same page/heading. Jargons or nomenclatures, if any, shall be properly explained at each and every place where they are used. LM is advised to ensure that acronym used in the headings of risk factors or any other information is accompanied by its full form.
8. LM is advised to ensure that the Risk Factors provide adequate explanation of risk, are placed based on materiality and provide cross-reference to the exact page no. of the offer document, wherein further information has been disclosed.

9. 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.
10. LM is advised to incorporate all the certificates issued by the Chartered Accountants under the section Material Contracts and Documents for Inspection.
11. Clause 24 (3) of SEBI (ICDR) Regulations, 2018, requires LM to exercise due diligence and satisfy himself about all aspects of the issue including the veracity and adequacy of disclosures in the offer document. In view of the same, LM is advised to ensure that:
- The offer document shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company / Expert.
 - The “Industry Overview” section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor have any underlying assumptions been omitted for investors to make an informed decision. The industry report disclaimers (if any) shall be removed from all places of the offer document.
12. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.
13. The industry report disclaimers (if any) shall be removed from all places of the offer document. LM is advised to include the industry report in the list of material documents for inspection and also provide a link in the offer document for online access of industry report.
14. The table of pending litigations should be arranged giving priority to those litigations having material impact on the financials. Also include the details of whether provisioning has been done by the company for the probable liabilities, if any arising out of outstanding litigations and also the quantum of the same, where quantifiable. Mention the amount reflected as Contingent Liabilities with respect to the outstanding litigations, if any. Also, disclose contingent liabilities as a percentage of net worth.
15. LM is advised to add a Risk Factor relating to Related Party Transactions (RPTs), Provide below mentioned details: -
- Confirm whether all RPTs are done on arm’s length basis.
 - Confirm whether RPTs taken together for last three fiscal year is more than 10% (for all 3 FYs) of the total transactions of similar nature.
 - If any loan/advances given by issuer/subsidiaries to related parties and guarantees given/securities provided to related parties, mention Risk Factor on recoverability and its effect on the financials of the issuer/subsidiaries.
16. LM shall disclose the details of the pledged shares held by the promoters / Issuer Company / its subsidiaries, if any.

17. 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.
18. LM is advised to ensure that the currency denomination is mentioned at all places and ensure compliance with point (g) under Instructions of Part A to Schedule VI of the SEBI (ICDR) Regulations, 2018.
19. 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.
20. LM is advised to refrain from using adjectives and replace the words such as largest, biggest, leading, etc. or other such similar terms used at various places in the draft offer document.
21. LM is advised to disclose name of Independent Chartered Accountant along with its FRN at all the relevant sections/ relevant footnotes in the offer document. Further, LM is advised to ensure that certificate issued by independent Chartered Accountant/ Statutory Auditor or any other expert shall form part of Material Contracts and Documents available for inspection.
22. LM is advised to confirm that any of the investors of the company is not directly/indirectly related with BRLM and their associates. If yes, the same should be disclosed in the offer document. Further, LM is advised to disclose through a negative disclosure confirmation at all relevant sections of the offer document.
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 of the stub period in suitable places in the offer document.
26. LM is advised to update Industry Overview section with updated recent information, as applicable. Further, all statements that are not verifiable and substantiated with figures shall be deleted.
27. **Our Management:** LM is advised to disclose whether any independent director is also an independent director in any of the subsidiaries or associate companies of the Issuer.

28. LM is advised to confirm that appointment of all nominee directors to be placed for shareholders' approval post listing in the first shareholders meet.
29. LM is advised to confirm that "test of independence" of directors were conducted by the LM in their due-diligence process and to confirm that all independent directors are independent and not related in any manner to the promoter/director/promoter group/KMP of the company, subsidiary, associates/group companies. Further, LM is advised to confirm that the composition of board of directors is in compliance of relevant sections of Companies Act and SEBI LODR Regulations, 2015.
30. **Our Subsidiaries:** LM is advised to disclose financial figures (audited) of direct subsidiaries for past 3 financial years. Further, LM may disclose the % revenue contribution from each of the subsidiaries.
31. LM is advised to provide confirmation that Provident Fund (PF)/ESIC/Income Tax payments have been made and other government / statutory dues have been made on timely basis for all eligible employees of the issuer/its subsidiaries and if not, include a Risk Factor for the same in top 25 risk factors.
32. **Government and Other Approvals:** LM is advised to disclose any material approval/ license which is going to expire in near future and will require renewal.
33. 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.
34. LM is advised to ensure that the details of all the criminal matters initiated against the company, group companies, directors, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the RHP along with appropriate risk factors in this regard.
35. LM is advised that it is categorically disclosed in the DRHP under section "History and Certain Corporate Matters" of the offer document that none of the special rights available to the Promoters / Shareholders would survive post listing of the Equity Shares of the Company and same shall cease to exist or shall expire / waived off immediately on the day of listing, without requiring any further action.
36. LM is advised to provide a confirmation for the issuer, its group companies, promoter group, entities where promoter is a director, associates, subsidiaries and other related entities - whether any entity has ever been involved in the act of money mobilization in any manner and whether any Regulator/ Agency has at any time sought any information in any manner, if not LM is advised to provide a negative confirmation.
37. LM is advised to confirm whether any instance of promoter's personal guarantees and/or company guarantees have been invoked in the past 3 fiscal years and/or loan defaults.
38. LM is advised that a categorical statement from the Issuer Company/ Promoters / Shareholders, may be provided that there are no other inter-se agreements/ arrangements and

clauses / covenants which are material and which needs to be disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the minority / public shareholders. Also that there are no other agreements, deed of assignments, acquisition agreements, SHA, inter-se agreements, agreements of like nature other than disclosed in the DRHP.

39. LM is advised to disclose the details of all profit sharing arrangements involving the Issuer, promoters, promoter group, directors and shareholders, if any.
40. LM is advised to disclose if the name of the directors, promoter and promoter group persons is appearing in the list of directors of struck-off companies by ROC/ MCA. Further, LM is advised to disclose if the name of the promoter group companies and group companies is appearing in the list of struck-off companies by ROC/ MCA.
41. In case of Issuer's consolidated financials contains significant contribution (10% and more) from its subsidiaries, disclose whether the balance sheets of the subsidiary is audited by peer reviewed auditor. In such cases, LM shall also disclose whether the corporate governance norms are being followed by the subsidiaries of the Issuer.
42. LM is advised to include a reference to the circulars CFD/DIL2/CIR/P/2018/22 dated Feb 15, 2018 and CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 at all applicable sections in DRHP.
43. LM is advised to ensure that no discrepancies in the quantitative data provided in the DRHP/RHP/UDRHP/LM's reply and other key documents.
44. Legal and Other Information-
- a. LM is advised to identify and include risk factor for material litigation, if any, which may adversely affect the company.
 - b. LM shall update the details of the status of litigation with the latest/ updated position of litigations against promoter/ promoter group entities/ company and the companies promoted by the issuer.
 - c. LM is advised to ensure disclosures of all actions taken by the statutory and regulatory authority.
 - d. LM is advised to ensure and disclose that the existing litigations are not so major that the issuer's survival is dependent on the outcome of the pending litigation.
45. LM is advised to ensure compliance with the advisory issued by SEBI to all Merchant Bankers and AIBI vide mail dated July 04, 2023 with respect to disclosure of information pertaining to Pre-IPO placement and secondary transactions by promoter(s) and promoter group(s) in the Public Announcement, Price Band Advertisement and intimation to stock exchanges.
46. LM is advised to disclose details of acquisition/sale of securities of the issuer entity through secondary transactions by selling shareholders.
47. LM is advised to adhere to the following conditions:

- a) UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
- b) UDRHP shall contain necessary updated disclosures justifying the offer price under Section – “Basis for offer price”, “Risk Factors” etc., particularly emphasizing on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration: P/E ratio, Market Cap / Total Revenue ratio, EV/EBITDA etc.), with corresponding suitable explanations so as to justify the offer price.

48. Price band advertisement:

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

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

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

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

50. LM is advised to ensure following disclosures in the Issue advertisement for announcement of Price Band and all further advertisements as a box item below the price band:

"Risks to Investors:

- i. *The [to be disclosed] Merchant Bankers associated with the issue have handled [to be disclosed] public issues in the past three years out of which [to be disclosed] issues closed below the issue price on listing date."*
- ii. *Any adverse data in the basis for issue price should be disclosed. For example:*

- “The Price/Earnings ratio based on diluted EPS for [latest full financial year] for the issuer at the upper end of the Price band is as high as [to be disclosed] as compared to the average industry peer group PE ratio of [to be disclosed].”

[if average industry peer group PE ratio is not available, then P/E of Nifty Fifty may be disclosed]

- “Average cost of acquisition of equity shares for the selling shareholders in IPO is [to be disclosed] and offer price at upper end of the price band is [to be disclosed].”
- “Weighted Average Return on Net Worth for [last three full financial years] is [to be disclosed] %.”

The data on above disclosures shall be updated and disclosed prominently (in the same font size as the price band) in advertisements of Price Band and all further advertisements, website of the company and the stock exchange. Further, any adverse ratio / data in basis for issue price should be disclosed.

51. 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.

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

53. LM is advised to ensure that in the Section: Summary of the Offer Document, simple conversational language is used and No abbreviations to be used.

54. LM is advised to strictly use **conventional industry specific terms/terminology** and define the terms in brief in the offer document and avoid usage of terms which are not widely used as per industry standard practices. LM is advised to ensure that the language of the offer document remains simple and lucid.

55. When disclosing the status of government approvals in the Risk Factors, LM is advised to include a cross reference with specific page numbers to other sections where the disclosures are made. If approval has a validity, the same shall be mentioned. Consequences of withdrawal of licenses/approval shall be provided.

56. In Risk Factor relating to existing financing arrangements, confirm whether the company has violated any of the restrictive covenants/events of default or undergone rescheduling for repayment of loans in the past three fiscal years with respect to the debt financing that the company has availed.

57. LM is advised to make consistent usage of the term BRLM; and also include quantitative/financial information in tabular form, wherever possible.
58. 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.
59. LM is advised to mention the operational Key Performance Indicators for the past 3 years in the relevant section.
60. LM is strictly advised to remove excerpts from the commissioned report from all sections except Industry Overview section. LM may provide suitable cross-referencing to exact page no. of the report.
- 61. Financial information:**
- a) LM is advised to ensure that the financial information provided in UDRHP/RHP is not more than 6 months old from the issue opening date.
 - b) LM is further advised to comply with the conditions specified in the Schedule VI of SEBI (ICDR) Regulations, 2018 while disclosing the financial information in UDRHP/RHP.
 - c) LM is advised to ensure that Restated Consolidated Financial Statements are prepared as per relevant Indian Accounting Standards and calculation of Operating Profit to check the eligibility under Regulation 6 of SEBI (ICDR) Regulations, 2018 are in line with established practices.
- 62. Government and other approvals:**
- a) LM is advised to clearly disclose whether all approvals which are required to be sought in relation to the business of the company are in place. If no, LM is advised to include a separate risk factor with respect to the same.
 - b) Further, LM is advised to include and suitably update the details of pending licenses / approvals and permits (expired or under renewal) from statutory and regulatory authorities.
63. The LM is advised to ensure that the disclosures in abridged prospectus and front cover page of the offer document are in compliance with the SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023.
64. LM is advised to suitably incorporate the comments of the stock exchanges, if any in the UDRHP/RHP.
65. LM is advised to ensure that the issuer shall be in compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957.

66. 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.

67. 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.

68. 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.

69. Pre-IPO Placement :-

- i) LM is advised to add relevant disclosures comparing Pre-IPO placement price and IPO price, variation between two, details of investors to whom shares have been allotted in Pre-IPO placement, information about selling of shares by selling shareholders through secondary sale at a price lower than IPO price, if applicable, etc. in Summary of the offer document, Risk Factors, Capital Structure and other relevant sections of the offer document. In case, if company does not undertake Pre-IPO placement, the same should be disclosed in the offer document including the fact that it made a provision of Pre-IPO placement at the time of filing of Offer Document.
- ii) LM is advised to ensure that the utilization of Pre-IPO proceeds being discretionary in nature, if raised, shall be completely attributed/adjusted towards GCP portion; unless auditor certified disclosures are made with regards to its utilization towards the disclosed specific objects of the issue.
- iii) LM is advised to confirm that the issuer/LM has appropriately written / intimated in letter to the prospective investor (Pre-IPO investors) 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 Placement is mentioned.
- iv) LM is advised to prominently disclose the price and the name of the shareholder on the day of the allotment in case if any Pre-IPO placement is done, through public advertisement.

70. 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.

71. 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.



72. Page 31 :- LM is advised to confirm that loans were accounted in the books of accounts of the company, filings by company to RoC and Income Tax returns of the individual promoters.
73. Risk Factor 2 :- LM is advised to re-verify the figures being disclosed in the said risk factor as per Page 31 (specifically Purchase in FY 2024 from AIL Dixon).
74. Risk Factor 5 :- LM is advised to disclose the quantum of purchase from Dahua. Further, LM is advised to disclose the tenure of agreement for exclusive distributorship. Also, LM is advised to disclose the fact, if applicable, that the company has to buy minimum quantity from Dahua to retain their exclusive dealership. LM is advised to disclose if Dahua is related with the promoter, promoter group, director, etc. If not, LM is advised to provide a negative confirmation for the same.
75. Risk Factor 15 :- LM is advised to disclose contribution by distributors. Further, LM is advised to disclose the concentration of revenue with distributors, if any.
76. Risk Factor 20 :- LM is advised to disclose past instances of cancellation of orders by Dahua.
77. Risk Factor 25 :- LM is advised to disclose whether the company has back to back arrangements for the product warranty from the suppliers. If not, LM is advised to add a separate risk factor for the same.
78. Risk Factor 64 :- LM is advised to ensure that variation in objects should be both amount and period of deployment and in case of any deviation, requisite approvals should be obtained by the company.
79. Risk Factor 56 :- LM is advised to disclose the status of allocation of land.
80. LM is advised to add a separate risk factor highlighting the fact that the company has low margins. Further, LM is advised to disclose reasons for low margins in the said risk factor.
81. LM is advised to add a separate Risk Factor on working Capital requirement of issuer, related ratios.
82. LM is advised to add a separate risk factor that the company has made a bonus issuance.
83. LM is advised to ensure that suitable risk factor has been incorporated in the offer document for loss due to fire in the premises of the company. Such risk factor should clearly state the past instances of fire broke out.
84. LM is advised to ensure that suitable risk factor should be incorporated in the offer document stating the fact that land allotment and lease agreement was cancelled by Noida Authority in FY 2023. Further, LM is advised to disclose the impact of negative outcome of such on-going land related dispute.



85. LM is advised to add a suitable risk factor disclosing the potential conflict between ICICI Bank and ICICI Securities and due diligence is carried out by ICICI Securities. Further, ICICI Securities is advised to provide a comfort letter in this regard.
86. It is observed that company provides value added services in relation to the products it sells. Most of the services are in the nature of after sales services. LM is advised to disclose this fact at all the relevant sections of the offer document and bifurcate the business of the company into 'manufacturing and trading' and "only trading".
87. Page 107 :- LM is advised to disclose details of transfers made by promoters, promoter group and selling shareholders during last 3 FYs and stub period.
88. Page 119 :- LM is advised to disclose that the repayment of the loans from the public issue proceeds shall be continued to be used for the purpose for which it was obtained from the banks. The disclosures in this regard shall be subject to the requirements of the monitoring agency and stock exchanges. Further, the information and other material clauses disclosed to the banks to be also disclosed in this document.
89. Page 119 :- LM is advised to disclose whether the bank was informed about the company prospective plan of IPO in any manner at the time of sanctioning of the loan.
90. Page 123 - LM is advised to ensure that no lien should be created, directly and indirectly, on IPO funds.
91. Page 124 - LM is advised to disclose that monitoring agency should provide their comments on the usage of IPO Proceeds in terms of amount and period being disclosed in the offer document.
92. Page 235 :- LM is advised to ensure that the offer document should specifically state the fact that manufacturing facility is managed by AIL Dixon.
93. Page 236 :- LM is advised to clarify whether the inventory held by AIL Dixon is included in the table mentioned.
94. Page 251 :- LM is advised to clarify and disclose the operations of the company between 2010 and 2017 since the first plant is set up in 2017 with Dixon. Further, the same should also be disclosed in "Our Business" section of the offer document.
95. Page 255 :- LM is advised to ensure that "Valuation Report" should form part of Material Documents Available for Inspection". Further, in case if there is no valuation report, LM is advise to ensure that offer document should clearly state the basis for determination of Swap Ratio. Further, LM is advised to disclose the below information :-
- i) Price
 - ii) No. of Shares
 - iii) Swap Ratio and its rationale

- iv) Liabilities which were material and continuing post acquisition
 - v) Pre-Acquisition connection between Company, Dixon and AIL Dixon
 - vi) Compare the valuation at the time of Acquisition and IPO valuation and disclose the same as separate Risk Factor and Price Band Advertisement
96. Page 255 :- LM is advised to ensure that appointment of any nominee of Dixon on the Board of AIL Dixon should be subject to Shareholder's approval of the issuer company post listing.
97. Page 257 :- LM is advised to ensure that any post listing transfer of shares shall be in accordance with the securities laws as mere disclosure is not sufficient.
98. Page 257 :- LM is advised to disclose the details of Settler, Trustees and Beneficiaries of the Business Family Trusts. Further, any relationship between these entities (settler, trustees and beneficiaries) has to be disclosed separately. Further, LM is advised to confirm that both trusts are in compliance with securities laws including but not limited to SAST Regulations.
99. Page 260 :- LM is advised to confirm that a test of independence is conducted by LM independently on the appointment of Independent Directors. Further, LM is advised to confirm that the composition of Board of Directors are in compliance with The Companies Act, 2013 and SEBI (LODR) Regulations, 2015. LM is advised to include areas of experience and total no. of years of experience for all directors.
100. Page 343 : It is understood that Aditya Infotech (HK) voluntarily wound up in 2022-23. LM is advised to clearly state the reasons as to why investment and loan written off. Such details to be disclosed in MD&A section and a suitable risk factor should be incorporated in the offer document.
101. Our Subsidiary :- LM is advised to state and disclose if any approval and disclosure is required for its subsidiary being in China. Further, LM is advised to disclose brief financial summary of Shenzhen CP Plus International Limited (China) for last 3 FYs based on Audited Financial Statements.



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 may be 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 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.
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 may be, 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 may be inserted in the advertisement/Communications:

“ASBA has to be availed by all the investors except anchor investors. UPI may be availed by Retail Individual Investors.

For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section “Issue Procedure - Issue Procedure of ASBA Bidders” beginning on page xxx of the Red Herring Prospectus. The process is also available on the website of AIBI and Exchanges in the General Information Document.”

*ASBA bid-cum application forms can be downloaded from the websites of Bombay Stock Exchange and National Stock Exchange and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in. **List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in **.*

