

Annexure A

You are advised to clarify on the following points:

General Clarifications:

1. LM is advised to provide date of application to BSE Limited and National Stock Exchange of India Limited for obtaining in-principle listing approval.
2. LM is advised to disclose whether any action has been taken / is pending against the promoter / promoter group/ director of the issuer / Group Companies etc. by any regulatory authority in India or overseas.
3. 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.
4. LM is advised to confirm whether the issuer, its group companies, promoter group, entities where promoter is a director, associates, subsidiaries and other related entities have ever been involved in the act of money mobilisation 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.
5. LM is advised to provide confirmation that PF payment has been made on timely basis for all eligible employees of the issuer/its subsidiaries and if not, RF for the same in top 25 shall be included.
6. LMs to include a categorical statement that they have 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 UDRHP.
7. 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.
8. It has been observed that in various instances, disclosures have been made in the offer document stating 'we believe'. LM is advised to provide the basis for making such

disclosures in the offer document while also explaining compliance with Regulation 24 (1) and Regulation 25 (2) (b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”).

9. LM is advised to refrain from using adjectives and replace the words such as prominent, fastest growing, etc. used at various places in the draft offer document.
10. LM is advised to ensure that all the cross references given in the offer document are correct, leading to the exact page, instead of referring to the beginning of the section. LM may ensure providing the exact risk factor number instead of giving cross referencing of the page no., in all the references in the document.

Forward Looking statements:

11. It may be noted that point (e) under Instructions of Part A of Schedule VI of ICDR Regulations, 2018, states that the offer document should not make any forward looking statements that cannot be substantiated. In view of the same, you are advised to confirm and explain compliance with aforesaid provision with respect to all such forward looking statements made in the DRHP.

Specific Clarifications:

12. It is noted that the Company was converted to private company from public company in 2020. LM is advised to clarify reason for such classification.
13. **Summary of the DRHP**
 - a) LM is advised to disclose historical growth of the sector for past 3 years.
 - b) LM is advised to explain the difference between contracted and awarded capacity.
 - c) LM is advised to clarify reason for inclusion of ‘adjusted for acquisition/divestment’ in the table on KPIs.
 - d) LM is advised to clarify difference in revenue from operations and total revenue since different terminologies have been used for computation of EBITDA and PAT margins.
 - e) LM is advised to clarify whether ‘Cash ROE’ is industry specific financial parameter.
 - f) With respect to share purchase agreement, LM is advised to clarify what are the conditions.
 - g) 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. A confirmation to this effect should be submitted at the time of filing of updated DRHP with the Board and the confirmation should form part of material contracts and documents for inspection.
- 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.
- v. LM is advised to undertake that disclosure shall be made of the price and the name of the shareholder on the day of the allotment in case if any Pre-IPO placement is done, through stock exchange disclosures. A confirmation to this effect should be submitted at the time of filing of Updated DRHP/ Red Herring Prospectus with the Board and the confirmation should form part of material contracts and documents for inspection. The details of the Pre-IPO shall also form part of the Price Band Advertisement.
- h) LM is advised to disclose post offer shareholding of the Promoter and Promoter Group in the same table.
- i) LM is advised to recheck the details provided under Aggregate pre-issue shareholding of Promoter and Promoter Group in line with details provided in the section – Capital Structure and ensure removal of discrepancies, if any.
- j) LM is advised to clarify reason for increase in profit and net worth for the year ended March 31, 2024.
- k) LM is advised to remove top 10 risks and provide only the cross reference to ‘risk factors’ section.
- l) LM is advised to verify figures provided in the table showing ‘Summary of outstanding litigation’.
- m) LM is advised to mention nature of relationship with the related parties in this table.

14. **Risk Factors:**

- a) LM is advised to rearrange the risk factors based on materiality. LM is also advised to ensure that risk factors are concise and precise. With reference to Regulation 5(D) of Schedule VI of SEBI (ICDR) Regulations, 2018, LM is advised to mention proposals, if any, to address the specific risk.
- b) LM is encouraged to provide requisite quantitative information in tabular form, wherever applicable and disclose specific impact on the company, its business and its

financials. LM may include financial ratios & relevant data in order to substantiate the risk in relevant risk factor.

15. **Our Management**

- a) LM is advised to carry out the due diligence in order to ensure that the Board of Directors/KMPs of the company possess the requisite educational qualification and experience to manage the Company effectively and the Company has requisite resources/expertise to comply with all the listing norms including corporate governance post listing.
- b) LM is advised to disclose a separate risk factor stating that majority of the independent directors do not have experience of being an ID in a listed entity.
- c) LM is advised to disclose nature of relationship of the issuer Company with Snipp Interactive Inc.
- d) LM is advised to provide certificate from practicing company secretary that all the independent director fulfil the criteria of independence and composition of the statutory committees is also in compliance with the Companies Act and SEBI (LODR) Regulations.

16. **Promoter and Promoter Group**

- a) LM is advised to disclose following details of Trusts, where trust has been classified as Promoter of the Company: -
 - i. Name of the Beneficiaries
 - ii. Name of the Trustees
 - iii. Name of the Settler
 - iv. Reason for formation of the trust.'

17. **Capital Structure**

- a) LM is advised to ensure compliance with SEBI circulars mandating that 100% promoter shareholding shall be in demat form.

18. **Basis for Offer price**

- a) LM is advised to remove adjectives used in this section viz., largest, healthy, etc. and across the document.
- b) LM is advised to confirm that apart from KPIs disclose in the document no other KPIs have been shared with any investor in the past.

19. **Management Discussion and Analysis of Financial Condition and results of operations**

- a) LM is advised to avoid repetitive content and instead give a cross reference to other section of the document.

20. **Financial Information**

- a) LM is advised to clarify reasons for increase/decrease of each of the financial parameter for the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

21. **Financial Indebtedness**

- a) LM is advised to disclose the outstanding amount / default in making payment obligation for the last 3 years.
- b) LM is advised to disclose:
 - i. Name of the lenders
 - ii. Any restrictive covenants entered into with the lenders
 - iii. Instances of past default
 - iv. Whether all the loans are secured or unsecured
 - v. Whether any approval required from the lenders for the proposed IPO
- c) LM is advised to disclose if consent from all the lenders, in writing, has been obtained for the proposal of IPO.

22. **History and Certain Corporate Matters**

- a) LM is advised to provide a confirmation that all special rights and shareholders agreement (if any) will terminate at the time of filing of UDRHP and necessary changes shall be incorporated across the UDRHP.
- b) A categorical statement from the Issuer Company/ promoter/ shareholders, may be provided that there are no other agreements 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 public shareholders. Also that there are no other agreements, deed of assignments, acquisition agreements, SHA, inter-se agreements, agreements of like nature other than those disclosed in the DRHP.
- c) Further, the LMs is advised to confirm to SEBI that they have gone through the agreements / inter-se, if any, as disclosed in the DRHP and they also do not see any clauses / covenants which are material and which need to be disclosed, have not been disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the public shareholders' / unit holders.

23. **Legal and other information**

- a) LM is advised to provide full details of pending lawsuits against the Company and its subsidiaries and associates, promoters/promoter group, directors and LM is advised to quantify the financial impact of the same, wherever possible.
- b) LM is advised to confirm that the existing litigations are not so major that the issuer's survival is dependent on the outcome of the pending litigation.
- c) LM is advised to ensure the disclosures of all actions taken by statutory and regulatory authorities and its impact.
- d) LM is advised to disclose the current status of outstanding dues to creditors and its impact.

24. **Government and other approvals**

- a) LM is advised to disclose impact of any pending approval from Government and other authorities on financials and operations of the company. Quantify the impact of non-approval wherever possible.
- b) LM is advised to clarify regarding certificate of registration application filed with Engineering Export Promotion Council of India and its current status.

25. **Miscellaneous:**

- a) 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.

- b) 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.
- c) *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:

- 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."*
- 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.