



EKADRISHT CAPITAL PRIVATE LIMITED

MERCHANT BANKER (CATEGORY 1) – SEBI REGISTERED

CIN: U66190MH2023PTC401863 | **SEBI Reg. No.** INM000013040

Registered Office: 406, The Summit Business Park, Chakala, Andheri Kurla Road,
Andheri East, Mumbai 400 093, Maharashtra, India.

Tel no.: +91 89286 31037 | **Email:** info@ekadrisht.com | **Website:** www.ekadrisht.com

Date : 18/09/2024

To,
Senior Manager,
Listing Operations - SME
Bombay Stock Exchange,
Mumbai.

Dear Sir,

Re : Due Diligence procedures conducted in the SME -IPO of
M/s Trafiksol ITS Technologies Ltd in respect of vendor
M/s. Oasis Corpcare Pvt Ltd, and Explanation to the complaint
and social media video about use of funds raised in the IPO.

In response to your email dated 17/9/2024, your kindself had directed to provide the Due Diligence procedures conducted in the SME -IPO of M/s Trafiksol ITS Technologies Ltd to validate the authenticity and genuineness of vendor M/s. Oasis Corpcare Pvt Ltd. Also, your kindself vide letter no. LO/PO/HB/IP/167/2024-45 dated 16/09/2024 had sought an explanation with regard to a complaint and social media video making the allegation for use of issue proceeds.

In this context, it is to inform that reasonable Due Diligence procedures were adopted and conducted in the SME - IPO of M/s Trafiksol ITS Technologies Ltd in respect of vendor M/s. Oasis Corpcare Pvt Ltd and the justification sought is furnished in under stated paragraphs. Also, the explanation with regard to a complaint and social media video making the allegation for use of issue proceeds is furnished in understated paragraphs.

Due Diligence conducted of vendor- M/s. Oasis Corpcare Pvt Ltd

1.1 M/s. Trafiksol ITS Technologies Ltd (hereinafter referred to as ‘the Company’) has a purchase department whose role is to analyze, discuss, short list, finalize and take all purchase related decisions based on the business needs in periodic and continuous consultations with the management. The purchase policy framed by the company for the purchase department is annexed in **Annexure-1**. In order to meet the expansion plans of the company, the management of the company, in consultation with its purchase department, had proposed to purchase the highly specialized Computer Application Software ICCC Platform for Smart City Projects including configuration and integration of ICCC with various Smart City Applications. Accordingly, the purchase department short listed the vendors who can provide such specialized software and received the quotation from a vendor named M/s. Oasis Corpcare Pvt Ltd for supply, installation, support and maintenance of Computer Application Software ICCC



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Platform for Smart City Projects of Rs.15 crores along with GST @ 18% of 2.70 crores, totaling to Rs.17.70 crores.

The board of directors, in the board meeting held on 18/05/2024 (copy attached in **Annexure-II**), had considered the proposal of its purchase department and had approved the procurement of Computer Application Software ICCC Platform for Smart City Projects, on considering the understated documents (copies annexed herewith) :-

- a) Quotation of M/s. Oasis Corpcare Pvt Ltd dated 16/05/2024 for supply of Computer Application Software ICCC Platform for Smart City Projects at a consideration of Rs.15 crores plus GST @ 18% of Rs 2.70 crores, totaling to Rs.17.70 crores (**Annexure- III**);
- b) Detailed description and usage of ICCC Application Software for Smart City Projects (**Annexure- IV**);
- c) Brief Profile of the vendor M/s. Oasis Corpcare Pvt Ltd (**Annexure- V**);
- d) Software Projects in Pipeline (work orders - order book) of vendor M/s. Oasis Corpcare Pvt Ltd (**Annexure- VI**);
- e) GST Registration certificate of the vendor M/s. Oasis Corpcare Pvt Ltd dated 05/01/2024 (**Annexure- VII**);
- f) Status report of all GST returns filed by vendor M/s. Oasis Corpcare Pvt Ltd (**Annexure- IX**);
- g) Resolution passed by the Board of Directors in the board meeting held on 18/05/2024 (**Annexure-II**).

The specialized software, as per the management, was the need of business to be used at optimum level for expansion plan of the business of the company for which the funds are raised in the IPO. The said software contained the features which had been elaborately described in the description of Software attached in **Annexure- IV**.

Scope, methodology, verification and procedure adopted to conduct due diligence by the Merchant banker

The merchant banker, while furnishing the offer document, had conducted proper and reasonable due diligence on perusing, verifying and scrutinizing the above stated documents and relied on the business decision taken by the management with approval of the board to procure the software. The merchant banker, while conducting the due diligence, observed that the management in consultation of its purchase department had analyzed the need of software



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for expanding the business and had obtained the Profile of the vendor, quotation, GST registration certificate, GST returns to avail tax credit, work orders in hand, description of software to be supplied, etc;

1.2 In order to verify the authenticity and genuineness of the vendor and legitimacy of the quotation, the purchase department of the company had further obtained the documents of the vendor, stated as under :-

- a) GST Returns of vendor M/s. Oasis Corpcare Pvt Ltd for last 2 months of financial year 2024-25, wherein the sales turnover is disclosed of Rs.591.14 lacs (**Annexure- VIII**);
- b) Provisional balance sheet of vendor M/s. Oasis Corpcare Pvt Ltd for the period from 01/04/2024 to 31/08/2024 (**Annexure- X**);
- c) Audited balance sheet of vendor M/s. Oasis Corpcare Pvt Ltd for financial years 2021-22, 2022-23 and 2023-14. (**Annexure- XI**).

In view of the above, it could be concluded that the management and its purchase department had adopted reasonable care to identify the vendor M/s. Oasis Corpcare Pvt Ltd and due diligence was reasonably conducted while disclosing the particulars of the vendor from whom the software was proposed to be procured;

1.3 The components, applications, usage, etc of the software proposed to be procured is disclosed elaborately disclosed in **Annexure-IV**

1.4 There are no related party or connected transactions entered between the company and vendor M/s. Oasis Corpcare Pvt Ltd;

1.5 The company had not made any advance payment to the vendor M/s. Oasis Corpcare Pvt Ltd till date;

1.6 The employees of vendor M/s. Oasis Corpcare Pvt Ltd are not registered under EPFO as the vendor had informed the company that their number of employees is below the limit prescribed under Provident Fund Act;

1.7 The vendor M/s. Oasis Corpcare Pvt Ltd is registered under the GST law with effect from 05/02/2024 and a copy of their GST registration is attached in **Annexure- VII**;

1.8 The vendor M/s. Oasis Corpcare Pvt Ltd had filed the GST returns for the period till August, 2024 and copies of their GST returns are attached in **Annexure- VIII and IX**;



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Flexibility of management to change the vendor

2.1 The offer document contained additional disclosures that the company had not placed the order to M/s. Oasis Corpcare Pvt Ltd and the actual cost of procurement and actual vendor may vary. It is further disclosed in the offer document that the company had not entered into any definitive agreement with such vendor and there is no assurance that same vendor would be engaged for the supply. It is also disclosed in the offer document that the management shall have the flexibility to change the vendor or modify the software at the time of actual placement of the order. The above stated disclosures were made in the offer document for the reason that only 1 quotation was received by the management from M/s. Oasis Corpcare Pvt Ltd and thus, the management had expressed its flexibility to explore the possibility to place the purchase order to other vendors of any modified version of software with marginal price variation. The change in vendor and modified software were disclosed for the reason that the technology involved in the software changes very frequently and every time the new and modified version of software are being used.

The company had obtained another quotation for procurement of computer application software from other vendor named M/s. Logiciel Solutions Pvt Ltd. The purchase department of the company had analyzed the business needs and had obtained the quotation from such alternate vendor named M/s. Logiciel Solutions Pvt Ltd on 29/08/2024 for the supply and installation of modified and new generation software at a price of Rs.15,50,00,000/- along with GST @ 18%, totaling to Rs.18,29,00,000/-. The company, holding trust in such alternate vendor, is in process of seeking an approval in the forthcoming General Meeting of the members of the quotation obtained from M/s. Logiciel Solutions Pvt Ltd. The credentials of the vendor M/s. Logiciel Solutions Pvt Ltd had been approved by the purchase department, on considering the understated documents:-

- a) Quotation of alternate vendor M/s. Logiciel Solutions Pvt Ltd for supply of software at Rs.15,50,00,000/- along with GST @ 18% of Rs.2,79,00,000/-, totaling to Rs.18,29,00,000/- (**Annexure- XII**);
- b) Profile of alternate vendor M/s. Logiciel Solutions Pvt Ltd (**Annexure- XIII**);
- c) Description of software to be supplied by alternate vendor M/s. Logiciel Solutions Pvt Ltd (**Annexure- XIV**);



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- d) GST Registration certificate of alternate vendor M/s. Logiciel Solutions Pvt Ltd (Annexure- XV).

The change in vendor for supply of modified software shall be proposed in the forthcoming General Meeting and upon grant of approval by the members, the management shall procure the software from vendor M/s. M/s. Logiciel Solutions Pvt Ltd and till then the amount allocated in the IPO for purchase of the software shall remain unutilized.

Other issues raised in complaint

- 3.1 The company is holding a registered software named “trafikview” which holds the copyrights. The company, in audited balance sheet for financial year-2023-24, had disclosed the fixed assets including software of Rs.25.08 lacs and Capital work-in-progress of Rs. 216.66 lakhs;
- 3.2 The loans payable by the company as on 31/03/2024 is disclosed of Rs.5.91 crores and the company, in offer document, had proposed to repay the loans out of issue proceeds of Rs.5.50 crores. The company, on considering the interest accruals and repayment schedule, had projected the repayment of loans payable to banks and NBFCs of Rs.5.50 crores. It has been disclosed in the offer document that the balance loans, if any, shall be re-paid out of internal accruals. The copies of sanction letters and loan documents had earlier been provided to the BSE. The offer document discloses that any short fall in utilization of IPO proceeds in repayment of loans shall be treated as General Corporate purpose (GCP) as the limit of 25% shall not be breached;
- 3.3 The details of resignation of auditors had been made in offer document on the basis of form ADT-3 filed by the auditors. The resignation of last auditor M/s. Garima & Associates was made on 01/12/2023, since such auditor was not holding Peer Review Certificate issued by ICAI and since the company was in process of getting listed in recognized Stock Exchange (BSE), thus such auditor had resigned and in replacement M/s. Vijay Darji & Associates (holding Peer Review Certificate) was appointed as auditor of the company.

Appointment of Monitoring Agency (MA)

4. **Without prejudice, it is proposed that in case there still exists slightest doubt of the Stock Exchange or any stake-holders of any possibility of misutilization of funds generated through IPO, then a Monitoring Agency (MA) be appointed on voluntary basis to monitor the utilization of IPO proceeds for objects of the company. The Merchant banker, in accordance to the Regulation no-262 of SEBI ICDR, shall voluntarily appoint a**



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Monitoring Agency (MA) to monitor the utilization of IPO proceeds for objects of the company. The company hereby grant its consent for voluntary appointment of a Monitoring Agency (MA) to monitor the utilization of IPO proceeds for objects of the company.

Request to grant approval for listing of shares in Stock Exchange and utilization of funds lying in Escrow account.

The IPO of the company was opened on 10/09/2024 and closed on 12/09/2024. The shares had been allotted by the RTA to the respective Demat accounts of the allottee shareholders on 13/09/2024. The approval for listing of shares of the company was scheduled on 17/09/2024 and thereafter was kept on hold by the Stock Exchange and the funds are lying utilized in Escrow account. Accordingly, a humble and respectful prayer is made to permit the listing of shares on Bombay Stock Exchange and permit the use of issue proceeds at the earliest.

Thanking You,

Yours Faithfully,
For Ekadrisht Capital Private Limited


(Krunal Pipalia)

Vice-President

