



A3S FINANCIAL SOLUTIONS | ADVISORY DECK

Considering an SME Equity IPO?

A practical guide to fundraising choices, the listing process, and the role of an Advisor

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01

Why Consider an SME Equity IPO?

*The SME landscape, reasons to go public,
and the benefits of being listed*

India is home to **more than 7 crore registered MSMEs** — the second-largest employer after agriculture and a critical engine of the economy. The SME equity IPO platform was created in 2012 to give these enterprises access to public capital.

~30%

Contribution to India's GDP

Backbone of national output

~40%

Share of Manufacturing Output

Industrial value-add

~45%

Share of India's Exports

Global market access

11+ Cr

Employment Generated

After agriculture, the largest

Why the SME Segment is Strategic for India

Employment Engine

SMEs are India's largest non-agricultural employer; growth here drives jobs and consumption in tier-2 / tier-3 India.

Innovation & Entrepreneurship

Family-owned and first-generation businesses across manufacturing, services and tech form the backbone of the entrepreneurial ecosystem.

Attractive Valuations & Capital Gap

Despite their economic weight, SMEs have historically been under-served by capital markets — a gap the SME IPO platform now bridges.

1

Permanent, Non-Repayable Capital

Equity raised via IPO does not need to be repaid and carries no interest burden — funds are permanently available for growth.

2

Funding for Growth, Capex & Expansion

Use proceeds for new factories, capacity expansion, working capital, R&D, brand-building, or strategic acquisitions.

3

Brand, Credibility & Visibility

Listing creates a public profile — improves trust with customers, suppliers, lenders, regulators and prospective talent.

4

Liquidity & Wealth Creation

Promoters and early investors get a market for their shares, partial monetisation routes, and a transparent valuation benchmark.

5

Currency for Acquisitions & ESOPs

Listed shares can be used to fund acquisitions and as ESOPs to attract / retain quality talent — without immediate cash outflow.

6

Stronger Governance & Future Funding

Listing strengthens corporate governance and opens the door to future fundraises — FPO, rights, QIP, preferential allotments.

02

Equity vs Debt Choosing the Right Capital

*Fundraising options, head-to-head comparison,
and an illustrative ₹90 Cr funding decision*

Companies have three broad families of capital. Each has trade-offs in cost, control, repayment obligation and timing.

DEBT

Bank Loans / NBFC Funding

Term loans, working-capital limits. Fixed/floating interest, regular repayment, usually secured.

Corporate Bonds & Debentures

Listed or unlisted, fixed tenure, credit-rated. Larger ticket-size; needs strong rating profile.

Private Placement of Debt

Negotiated bilateral debt with institutional investors — faster, customisable, but typically pricier than banks.

Common feature: fixed repayment + interest

EQUITY

Private Equity / Venture Capital

Long-term equity from PE/VC funds. Strategic input, but ownership dilution & exit pressure.

IPO (Initial Public Offering)

Listing on stock exchange — large pool of public capital, brand visibility, liquidity, market valuation.

Rights Issue / QIP / FPO

Available post-listing — further fundraising at competitive cost without re-running the full IPO.

Common feature: no repayment, ownership shared

HYBRID

Convertible Debentures / Bonds

Debt that converts into equity at a future date — lower interest today, equity upside for the investor later.

Mezzanine Financing

Subordinated debt with an equity kicker. Flexible structuring, but generally priced higher than senior debt.

Compulsorily Convertible Preference Shares (CCPS)

Hybrid instrument widely used in pre-IPO rounds — locks in valuation while deferring dilution.

Common feature: mixes features of both

Let's compare the same ₹90 Crore fundraise via two routes — for a representative growth-stage SME.

THE COMPANY (Illustrative)

Company Stage	Mature, profitable operating company
Growth Outlook	Stable revenue growth with strong demand pipeline
EBITDA Cover	Sufficient, but not very high cushion against shocks
Existing Leverage	Within prudent range, but rising with growth capex
Promoter Stance	Open to external capital; values growth flexibility

Question to Solve

Should the promoter raise ₹90 Crore via debt or via an SME IPO? Which preserves growth flexibility while creating long-term value?

THE CAPITAL REQUIREMENT

₹90 Crore

Total funds required (illustrative)

PURPOSE OF FUNDS

Greenfield Capacity Expansion	~ 50%
Working Capital for Growth	~ 25%
Brand & Distribution Build	~ 15%
General Corporate Purposes	~ 10%

Conventional bank/NBFC term debt — assumed terms based on representative SME pricing.

DEBT TERMS (Illustrative)

Loan Amount	₹ 90 Crore
Interest Rate	11.0% p.a. (mid-point of 10%–12% SME pricing)
Tenure	7 years
Repayment Structure	Amortising principal + interest (or bullet)
Security	First charge on fixed assets + personal guarantee
Covenants	Debt-service ratios, end-use, financial covenants

ANNUAL & CUMULATIVE COST

Annual Interest Outgo ₹ 9.9 Crore

Recurring obligation

Total Interest over 7 Years ≈ ₹ 69 Crore

On declining balance assumption

Principal Repayment ₹ 90 Crore

Mandatory; no flexibility

Total Outflow over Tenure ≈ ₹ 159 Crore

Principal + interest combined

To service this debt, the company must consistently generate

₹ 160+ Crore

of post-tax cash over 7 years — every year, regardless of business cycle.

Public equity from listing on NSE Emerge / BSE SME — using a representative valuation framework.

EQUITY TERMS (Illustrative)

Pre-money Valuation	₹ 350 Crore (indicative)
Equity Dilution	26% (close to SEBI minimum dilution norm)
Post-money Valuation	≈ ₹ 473 Crore
Funds Raised (Gross)	≈ ₹ 123 Crore
Required Funds	₹ 90 Crore (balance retained as cash buffer)
Repayment Obligation	NIL — equity is permanent capital

Note: An IPO typically raises more than the immediate need — providing a strategic buffer, treasury cushion, or potential partial secondary for selling shareholders (within SEBI's 20% OFS cap).

IMPACT ON THE COMPANY

Cash Inflow <i>Available for deployment</i>	₹ 90+ Crore
Annual Interest <i>No recurring cash drain</i>	NIL
Mandatory Repayment <i>Capital is permanent</i>	NONE
Net Worth <i>Improves solvency, future borrowing capacity</i>	STRENGTHENED
Ownership Dilution <i>One-time, in exchange for permanent capital</i>	26%
Financial Risk <i>No bankruptcy risk from this raise</i>	LOW

Promoter Wealth Math

If valuation grows ₹ 350 Cr → ₹ 700 Cr after expansion, the promoter's 74% residual stake = ₹ **518 Cr** — wealth still increases meaningfully despite the 26% dilution.

The same ₹90 Crore raise, two very different outcomes for cash flow, control, and risk.

Parameter	EQUITY (SME IPO)	DEBT (Bank Loan)
Funds Raised	₹ 90+ Crore	₹ 90 Crore
Annual Interest Cost	NIL	₹ 9.9 Crore
Cumulative Cash Outflow	NIL (over tenure)	≈ ₹ 159 Crore over 7 yrs
Repayment Obligation	None — permanent capital	Mandatory; non-negotiable
Cash-flow Stress	Low	High; recurring servicing
Impact on Net Worth	Strengthened	Weakened (rises leverage)
Bankruptcy / Default Risk	None from this raise	Exists if covenants breached
Control / Ownership	Diluted (one-time, ~26%)	Retained 100%
Growth & Strategic Flexibility	High	Limited by covenants & DSCR
Future Fundraising	Easy — rights, QIP, FPO	Becomes harder with rising leverage
Brand & Visibility	Significant uplift	No incremental impact

Cash-flow Protection

Debt forces cash out every year. Equity allows reinvestment into the business — even a 20% EBITDA dip can make debt service uncomfortable.

Downside Sharing

If the project under-performs, equity investors share the loss; debt holders still demand full payment. Equity is structurally safer for promoters.

Risk-Adjusted Cost

Debt at 11% looks cheap, but with default risk and fixed obligations, the effective cost is higher than equity for cyclical/growth businesses.

Balance-sheet Strength

Equity improves D/E ratio, expands future debt capacity, and lifts credit rating — debt does the opposite, often raising future funding cost.

Value Creation > Dilution

If ₹ 90 Cr drives valuation from ₹ 350 Cr to ₹ 600+ Cr, promoter wealth still rises meaningfully — even after 26% dilution.

Strategic Optionality

Listed equity becomes a currency for acquisitions, ESOPs, partnerships and follow-on raises — debt provides none of these strategic levers.

When debt would be the better choice: very stable cash flows • high interest-coverage (>4–5x) • no major capex or volatility ahead • promoter unwilling to dilute at any cost.

03

The SME IPO Process Step by Step

*Eligibility, the latest SEBI rules, the end-to-end timeline,
intermediaries, and post-listing compliance*

SME IPOs are listed on the dedicated SME platforms — NSE Emerge & BSE SME. Each exchange has minimum financial and structural criteria; the table below summarises the key requirements.

Criterion	NSE Emerge	BSE SME
Corporate Form	Public Limited Company (Companies Act 2013)	Public Limited Company (Companies Act 2013)
Operating Track Record	Minimum 3 years	Minimum 3 years
Post-issue Paid-up Capital	Up to ₹ 25 Crore	Up to ₹ 25 Crore
Operating Profit (EBITDA)	≥ ₹ 1 Crore in 2 of last 3 FYs	≥ ₹ 1 Crore in 2 of last 3 FYs
Net Worth	Positive (no minimum threshold)	≥ ₹ 3 Crore (audited)
Net Tangible Assets	≥ ₹ 3 Crore (last preceding FY)	≥ ₹ 3 Crore (audited)
Free Cash Flow to Equity (FCFE)	Positive in 2 of last 3 FYs (w.e.f. 1 Sep 2024)	Not currently mandated
Leverage Ratio	Max 3:1 (relaxations for finance cos.)	Max 3:1 (relaxations for finance cos.)
Other	No BIFR / winding-up; no major regulatory action; demat compliant	No BIFR / winding-up; no major regulatory action; demat compliant

Note: Companies that operate as proprietorships, partnerships or LLPs must first convert to a Public Limited Company. SEBI's ICDR Regulations also apply in addition to exchange-specific norms.

Migration to Mainboard: An SME company can subsequently migrate to the NSE/BSE mainboard — typically once post-issue paid-up capital exceeds ₹ 25 Crore, subject to mainboard eligibility and a special resolution. Recent norms also allow direct main-board listing for companies > ₹ 25 Cr post-issue capital, provided main-board criteria are met.

SEBI's amended ICDR norms (March 2025) and exchange circulars (effective 1 July 2025) have meaningfully tightened the SME IPO framework. Key rules every promoter must understand:

1 Profitability Floor

Operating profit (EBITDA) \geq ₹ 1 Cr in any 2 of the last 3 financial years preceding DRHP filing.

3 GCP Cap Reduced

General Corporate Purpose use of proceeds capped at 15% of issue size or ₹ 10 Cr, whichever is lower (down from 25%).

5 Minimum Application Size

Minimum bid is now 2 lots, with application value $>$ ₹ 2 Lakh — applies across all investor categories.

7 21-day DRHP Public Review

DRHP must be open for public comments for 21 days, with newspaper notice and QR-code link to the document.

9 Monitoring Agency

Mandatory appointment of a Credit Rating Agency as Monitoring Agency for issues $>$ ₹ 50 Crore (lowered from ₹ 100 Cr).

11 Mandatory Market Maker

A SEBI-registered Market Maker must be appointed for a minimum of 3 years post-listing for liquidity & price discovery.

2 OFS Cap at 20%

Offer-for-Sale capped at 20% of issue size; individual selling shareholders can sell up to 50% of their holdings only.

4 End-use Restrictions

IPO proceeds cannot be used to repay loans of promoters, promoter group, or related parties — directly or indirectly.

6 Minimum Allottees Raised

Minimum number of allottees increased from 50 to 200 — improves liquidity and broad-basing of shareholders.

8 Promoter Lock-in (Phased)

Minimum Promoter Contribution: 3-yr lock-in. Excess promoter holdings: 50% released after 1 year, balance after 2 years.

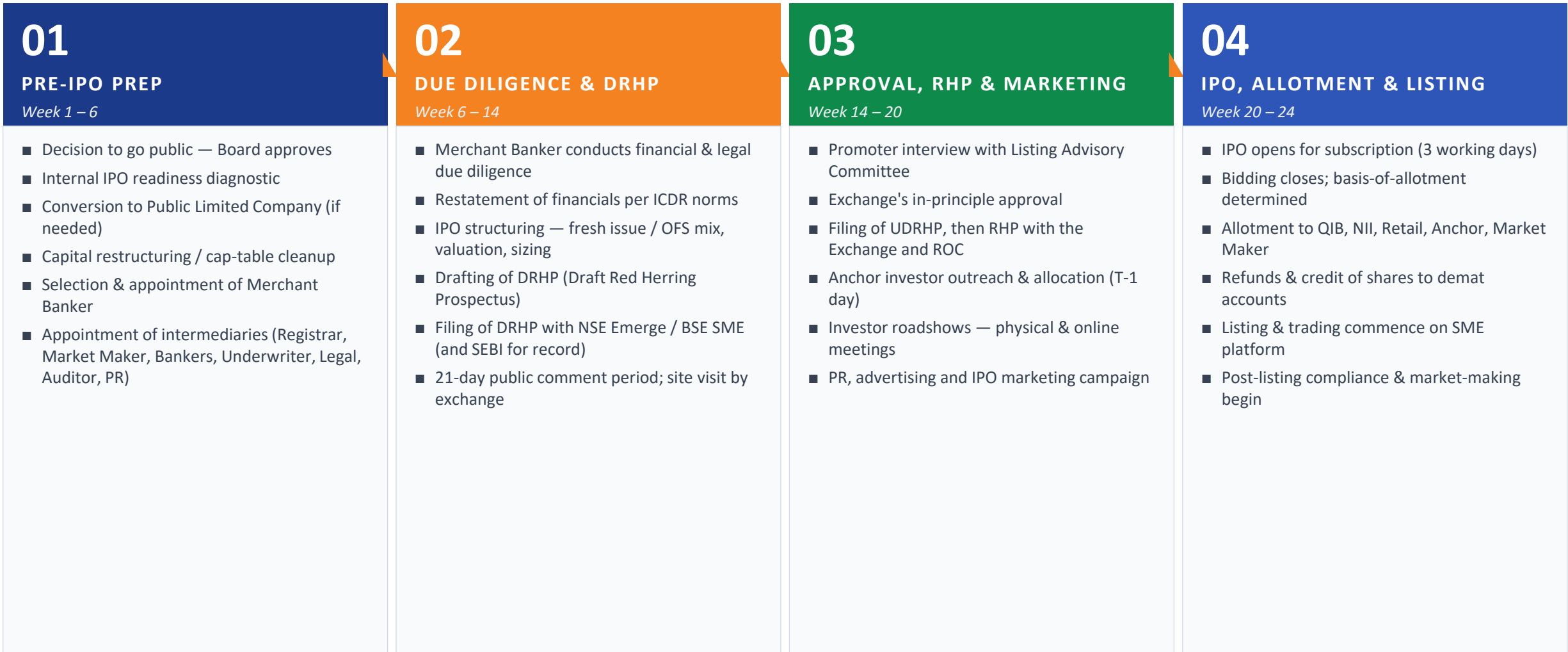
10 100% Underwriting

SME IPOs must be 100% underwritten — typically by the merchant banker / lead manager and a syndicate.

12 Approval Pathway

SME IPOs are approved by the Stock Exchange (NSE Emerge / BSE SME), not directly by SEBI — though ICDR norms apply.

From the decision to go public to listing day — typically a 4 to 6 month journey across four phases.



TOTAL TYPICAL TIMELINE: 4 – 6 months from appointment of Merchant Banker to listing day • varies with company readiness, market conditions and regulatory turnaround.

An SME IPO is a team effort. Each intermediary plays a defined, SEBI-mandated role — coordinated by the Merchant Banker (Lead Manager).

STOCK EXCHANGE

NSE Emerge / BSE SME — reviews & approves the DRHP, conducts site visit, grants in-principle approval, and lists the IPO.

MERCHANT BANKER (Lead Manager)

SEBI-registered. Central coordinator of the IPO. Conducts due diligence, drafts DRHP/RHP, prices the issue, files with exchange, manages issue process, and provides post-issue support.

SEBI

Securities & Exchange Board of India — sets ICDR Regulations; SME IPOs are exchange-approved (not directly SEBI-approved).

Registrar & Transfer Agent (RTA)

SEBI-registered. Manages applications, allotment, refunds, share transfers and investor records.

Market Maker

Mandatory for 3 years post-listing. Provides two-way quotes — ensures liquidity and price stability.

Underwriters

100% of the SME issue must be underwritten. The Merchant Banker (or syndicate) typically underwrites.

Banker to the Issue

Manages escrow / public-issue accounts; collects application monies and handles refund / settlement.

Statutory Auditor / CA

Issues restated financials, ratio analysis, and net-worth / profitability certificates per ICDR norms.

Legal Counsel

Performs legal due diligence, drafts legal sections of offer documents, advises on disclosures & risk factors.

Company Secretary

Ensures compliance with Companies Act, MGT/INC filings, board resolutions and post-listing disclosures.

PR & Advertising Agency

Designs the IPO campaign, manages roadshows, and handles media engagement during the marketing phase.

Listing is the beginning, not the end. SME-listed entities are subject to a continuing disclosure & governance regime — lighter than the mainboard, but rigorous.

PERIODIC DISCLOSURES

Half-yearly Financial Results

Filed with the exchange within 45 days of half-year end; SME-listed entities report half-yearly (mainboard reports quarterly).

Limited Review Reports

Independent auditor's limited review report for each half-year; full audit report within 60 days of full-year close.

Annual Report & Shareholders Pattern

Audited annual financials, board's report, and detailed shareholding pattern filed with the exchange and ROC.

Quarterly Corporate Governance Report

Compliance with Listing Obligations & Disclosure Requirements (LODR) — board composition, committees, related-party disclosures.

Reconciliation of Share Capital

Periodic reconciliation between issued capital and dematerialised shares maintained with depositories.

EVENT-BASED & GOVERNANCE

Board Meeting Notices & Outcomes

Prior intimation of board meetings; outcomes (results, dividend, fund-raising decisions) within 30 minutes of conclusion.

Insider Trading Code & UPSI Disclosures

Mandatory under SEBI (PIT) Regulations — designated persons, trading window closures, structured digital database.

Material Events / Price-Sensitive Info

Disclosure within 24 hours of any material event — orders, acquisitions, disputes, regulatory actions, leadership changes.

Use of IPO Proceeds — Auditor Certification

Statutory auditor certifies fund utilisation in quarterly results (issues < ₹ 50 Cr); CRA monitoring agency for ≥ ₹ 50 Cr.

Related-Party Transactions (RPT)

RPT norms aligned with mainboard — material RPT threshold = 10% of consolidated turnover or ₹ 50 Cr (whichever lower).

04

Role of A3S Financial Solutions as Advisor

How we hand-hold promoters through the IPO journey — and a clear demarcation of what A3S is, and is not

A3S sits squarely on the promoter's side of the table — independently advising the company through every phase of its IPO journey.

WHAT A3S IS



Independent Financial Advisor to the Company

We work for the promoter and the company — guiding strategy, decisions and trade-offs throughout the IPO process.



Transaction Manager & Project Coordinator

We run the IPO process end-to-end — coordinating across all intermediaries, tracking timelines, and resolving issues.



Educator, Trusted Sounding Board

We help promoters understand the journey, weigh alternatives, and make informed decisions — without conflict of interest.



Negotiator on Behalf of the Promoter

We negotiate fees, valuation, issue size, structure and terms with merchant bankers and investors — in the company's interest.

WHAT A3S IS NOT



Not a SEBI-registered Merchant Banker

We do not file the DRHP with the Exchange, do not draft offer documents in our own name, and do not perform statutory due diligence.



Not an Underwriter

We do not underwrite any portion of the issue. SEBI mandates 100% underwriting for SME IPOs — typically by the Merchant Banker / syndicate.



Not a Market Maker

We do not provide post-listing two-way quotes. The Market Maker is a separate, SEBI-registered entity appointed by the company.



Not a SEBI-registered Investment Adviser

We do not recommend specific securities to investors. Our advisory mandate is exclusively to the issuer — not to public investors.

From the first conversation to post-listing advisory — A3S walks alongside the promoter at every step.

01

PRE-IPO ADVISORY

- Educate promoters on IPO benefits, risks, costs and trade-offs
- IPO readiness diagnostic — financial, structural, governance
- Define IPO objectives, sizing, end-use of proceeds
- Review of company structure, cap-table, internal restructuring
- Strategic assessment of alternatives (PE, debt, hybrid)
- Deciding the right time and exchange (NSE Emerge / BSE SME)

02

INTERMEDIARY SELECTION & NEGOTIATION

- Shortlist & evaluate Merchant Bankers based on track record, sector fit, post-listing performance
- Negotiate fees, valuation, issue size, structure, timeline
- Select & onboard RTA, Market Maker, Underwriters, Bankers, Legal, PR
- Vet engagement letters and mandate agreements on the company's behalf

03

EXECUTION SUPPORT

- Coordinate diligence, financial restatement, valuation discussions
- Independent review of DRHP/RHP drafts before filing
- Track regulatory milestones — Exchange filings, in-principle approval, RHP, ROC
- Anchor outreach planning; review of marketing & roadshow strategy
- Resolve emerging issues and unblock decisions during the process

04

POST-LISTING ADVISORY

- Investor relations strategy and communication framework
- Compliance roadmap — half-yearly results, governance, RPT, LODR
- Strategy advisory — capital allocation, M&A, future raises (FPO/QIP/Rights)
- Path to mainboard migration when timing is right

A trusted advisor on the promoter's side, with no intermediary conflicts of interest, focused entirely on what is best for your company.



Aligned With You

We are paid by you, work for you. No underwriting commissions, no investor placements, no hidden conflicts.



Process Independence

Independent of any single Merchant Banker — we help you select the best fit and challenge them constructively.



End-to-End Hand-Holding

From the first conversation to post-listing strategy — one team, one accountability across all phases.



Negotiation Leverage

Drawing on transaction benchmarks across deals, we negotiate harder on fees, valuation and terms.



Sector & Structuring Insight

Hands-on advisory experience in SME equity transactions — helping translate operating reality into capital-market narrative.



Demonstrated Track Record

Recent example: A3S advised on Adisoft Technologies Limited's INR 74.10 Cr SME IPO — oversubscribed 77.45x with a 22% listing-day pop.

Let's discuss your IPO journey: **Mr. Suhas Rajderkar**, Director — A3S Financial Solutions | **+91 9823 666 913**

05

Case Study

Adisoft Technologies Limited Success Story

Adisoft Technologies Limited

INR 74.10 Crore Initial Public Offering | NSE Emerge Listing | April 2026

ADISOFT TECHNOLOGIES LIMITED

INR 74.10 Crore

Fresh Issue IPO

Sole Financial Advisor
& Transaction Manager



A3S Financial Solutions

Listing Date

April 30, 2026

Exchange

NSE Emerge (SME)

Issue Price

INR 172 / share

Transaction Summary

Issuer	Adisoft Technologies Limited ("ATL" or the "Company")
Issue Type	Initial Public Offering — 100% Fresh Issue (No OFS)
Sector	Industrial Digital Automation Solutions
Issue Size	INR 74.10 Crore 43,08,000 Equity Shares of FV INR 10
Price Band / Final Price	INR 163 – INR 172 per share Issue Price: INR 172
Lot Size	800 Shares Min Application: 1,600 Shares (INR 2,75,200)
Anchor Allocation	INR 21.08 Crore — 12,25,600 Shares (April 22, 2026)
Bidding Period	April 23, 2026 – April 27, 2026
Allotment / Listing Date	April 28, 2026 / April 30, 2026
BRLM / Registrar	Hem Securities Limited / KFin Technologies Limited
Use of Proceeds	New factory unit (~INR 37.77 Cr); WC (~INR 10 Cr); debt repayment (~INR 10 Cr); GCP
Promoters	Mr. Ajay Chandrashekhar Prabhu & Mrs. Preeti Ajay Prabhu

Transaction Highlights & Critical Role of A3S Financial Solutions

Stellar Listing & Strong Investor Confidence: ATL debuted on NSE Emerge on April 30, 2026, opening at INR 205 (premium of ~19.2% over issue price of INR 172) and touching a high of INR 215.25 (~25.2%). Listing-day market cap stood at INR 341.13 Cr against pre-IPO market cap of INR 280.67 Cr.

Exceptional Subscription Across Categories: The IPO was oversubscribed 77.45x cumulatively, generating total demand of INR 3,821.94 Cr against issue size of INR 53.02 Cr. NII led at 120.16x, QIB at 98.23x, Retail at 47.27x. Anchor portion of INR 21.08 Cr was fully subscribed.

Astute Pricing & Strong Financial Track Record: Priced at the upper end of the INR 163–172 band — post-issue P/E of ~12.8x (FY25 EPS INR 13.41), at a discount to listed peers. Revenue grew 75% from INR 76.15 Cr (FY23) to INR 133.02 Cr (FY25); PAT scaled 2.6x to INR 16.11 Cr (RoE: 39.1%, RoCE: 29.1%).

Critical Role of A3S Financial Solutions: A3S acted as Sole Financial Advisor and Transaction Manager across the IPO lifecycle — IPO readiness diagnostic, internal restructuring, BRLM/intermediary appointments, financial modelling, valuation, DRHP/RHP inputs, regulatory liaison, anchor outreach, roadshow coordination and post-listing advisory — instrumental in delivering this oversubscribed listing.

Sole Financial Advisor: A3S Financial Solutions

IPO Subscription — 77.45x Oversubscribed

Category	Shares Bid (Lakh)	Amount (INR Cr)	Sub. (x)
Anchor	12.26	21.08	1.00
QIB	803.95	1,382.80	98.23
NII	738.26	1,269.81	120.16
Retail	677.68	1,165.61	47.27
Market Maker	2.16	3.72	1.00
TOTAL	2,222.06	3,821.94	72.09

Demand by Investor Category (INR Cr)



ATL Financial Snapshot (INR Cr)

Particulars	FY23	FY24	FY25
Total Income	76.15	104.14	133.02
EBITDA	8.32	16.40	21.66
PAT	6.08	11.76	16.11
RoE (%)	—	—	39.11
RoCE (%)	—	—	29.12

Listing Day Pop: **+22.1%** (opened INR 205, high INR 215.25)

For further details on the transaction, please contact: **Mr. Suhas Rajderkar**, Director — A3S Financial Solutions | **+91 9823 666 913**



Thank you

Q & A and Discussion

*We would love to hear from you about your company, your goals,
and how A3S can help on your growth journey.*

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