



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

सहायक महाप्रबंधक

Assistant General Manager

निगम वित्त विभाग / Corporation Finance Department

रजिस्ट्रीकरण, मंजूरी, पत्र-व्यवहार / Registration, Approval And Correspondences

निर्गम एवं सूचीबद्धता प्रभाग / Division Of Issues And Listing – I

SEBI/HO/CFD/RAC/DIL-1/EB/SM/OW/2023/36299/1

September 04, 2023

IIFL Securities Limited
10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West), Mumbai-400013

Kind Attn: Shri Mukesh Garg

महोदय ,

Dear Sir,

विषय / Sub: Updater Services Limited का प्रस्तावित आईपीओ / Proposed IPO of Updater Services Limited

- 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.

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in

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2. 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 filing the final offer document with ROC / Stock Exchange. **NO FURTHER CHANGES SHOULD BE EFFECTED WITHOUT SPECIFIC WRITTEN CONSENT OF SEBI.**

3. यह स्पष्ट किया जाता है कि भारतीय प्रतिभूति और विनिमय 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 विनिमय बोर्ड [पँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) 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.

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4. 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 विनिमय बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 02, September 2022 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 March 29, 2023, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

5. 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.

6. 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.**

7. अग्रणी प्रबंधक यह सुनिश्चित करें कि भारतीय प्रतिभूति और विनिमय 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 / स्टॉक एक्सचेंज के पास प्रस्ताव-पत्र



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(लेटर ऑफ ऑफर) 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.

8. 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 months from the date of issuance of this observation letter.

स्थान / Place: मुंबई / Mumbai


(Sanjukta Mahala)

सहायक महाप्रबंधक
Assistant General Manager



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Annexure I

OBSERVATIONS

1. Please refer to our letter dated April 25, 2023, your letter dated May 17, 2023 and all other correspondences exchanged. In this regard, LM is advised to ensure that the changes made pursuant to our initial as well as subsequent set of clarifications are duly incorporated in the updated DRHP and RHP.
2. Wherever the LM has undertaken to modify the risk factors in its replies, the same shall be duly modified and incorporated in the updated DRHP and RHP.
3. Wherever the LM has mentioned "Noted for compliance" or "Complied with and noted for compliance" in its replies, LM shall ensure that the same are duly complied with.
4. With respect to "Summary of the Offer Document" LM is advised to use simple conversational language and no abbreviations shall be used.
5. With respect to the section "Definitions and Abbreviations" for Technical, Company / Industry related Terms or Abbreviations, along with the expanded form, suitable meaning / explanation to be provided in simple language.
6. The LM to also ensure that the entire DRHP the language used is lucid, usage of abbreviations is limited, abbreviations to be used in the para, if already quoted in the same page /heading, any expressions, jargons or nomenclatures from other languages or not commonly used, are explained clearly at every place where they are used.
7. LM is advised to disclose the face value of the Issuer Company where the number of shares has been mentioned in the DRHP.
8. LM is advised to ensure that the disclosure of risk factors are based on materiality also provide adequate and to make cross-reference the exact page no. of DRHP, wherein the details of information has been disclosed.
9. Pre-IPO Placement – The DRHP contains a statement that "Our Company, in consultation with the BRLM may consider a pre-IPO placement....."
The BRLM is advised to disclose prominently the price and the name of the shareholders on the day of the allotment if any Pre-IPO Placement is done. Since DRHP should not be used as a tool for raising Pre-IPO Placements and there may be ramifications in case of failure of the IPO or the Issuer Company not coming out with the IPO.
LM is advised to confirm that the Issuer Company/LM has appropriately written / intimated in letter to the prospective 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 is mentioned.
Further appropriate disclosure to be made in the price band and other advertisements by the Issuer/BRLM with respect to the issue price of Pre-IPO shares and any secondary transactions.

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10. With respect industry reports commissioned by third party agency, LMs are advised that draft offer document and the offer document, shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company/ Expert. The Issuer Company / BRLMs shall ensure that the "Industry Overview" section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor any underlying assumptions have been omitted for investors to make an informed decision.
11. LMs are advised to include industry report in the list of material documents for inspection and also provide a link in the offer document including other material documents mentioned in the offer documents, for online access.
12. LM shall ensure that the offer documents of the company should provide - Price at which specified securities were acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right to nominate directors or any other rights. Following details may be disclosed for such transactions in tabular format – name of acquirer, date of acquisition, number of shares acquired and acquisition price per share.
13. Page 22 – LM is advised to disclose the position of BSS of the Issuer Company under para primary business of the issuer company. Also, make more clarity regarding the IFM market in India and outsourced IFM market under para summary of industry in which the issuer Company operates.
14. Page 23 – LM is advised to update the financial informations of the Issuer Company. Also, disclose the reason for increase in amount of borrowing of the issuer Company.
15. In page 23, LM to disclose the beneficial owners of "Tangi Facility Solutions pvt Ltd" who is now disclosed as promoter of issuer company.
16. Page 32 – Financial arrangements – Under this para, it has been disclosed that "...have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity, during....". In this regard, LM is advised to clarify the normal course of business as disclosed in the said para.
17. Risk Factors – Every Risk Factor shall be provided with a cross reference to the detailed description of the facts/reasons in the updated DRHP / RHP, wherever applicable.
18. LM is advised that Market Value at Issue Price to Total Turnover and P.E. Ratio at issue price can be added in Price Advertisement. Also, LM is advised to add suitable risk factor as Risk Factor 1 in this regard.
19. RF 1 – It has been disclosed that "*Operational risks are inherent in our business as it includes rendering services in contrasting environments*". LM Delete the word inherent and also make the said statement in simple and bring more clarity. Also, LM to disclose the details of damages/ cost incurred in the last three years due to operational risk in DRHP. LM to also disclose the details regarding operational risks in the DRHP.

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20. RF 2 – After the first sentence of the captioned risk factor, LM is advised to incorporate “*In past, we have indemnified our customers against losses or damages suffered by our customers. Hence, we may be exposed.....*” in the instant risk factor.
21. RF 3 – After the first sentence of the captioned risk factor, LM is advised to incorporate “*Further, in the past we have faced high attrition rate.....*”. Further, in the instant risk factor, it has been disclosed that “*The integrated business services we offer are manpower intensive our IFM & Other services segment and 10,649 within our BSS segment ...*”. In this regard, LM is advised to specify other service s segment.
22. RF 5 - LM is advised to replace the word ‘fail to’ with ‘do not’ in the captioned risk factor.
23. RF 6 – LM is advised to make separate risk factor for the statement as disclosed in the captioned risk factor regarding “*Further, we have significant employee benefit expenses, such as workers’ compensation, staff welfare expenses and contribution to provident and other funds. In case we face an increase in employee costs that we are unable to pass on to our customers, we may be prevented from maintaining our competitive advantage and our profitability may be impacted.*”
- LM is advised to bring more clarity on the employee benefit expenses. Also, LM to disclose the past incidents in the DRHP and give a cross reference for the same in RF.
24. RF 7 – It has been disclosed that “*.....had created a fake attendance list in collusion with another of our employees and two employees of the customer, and misappropriated funds through payment of salary in the name of such fictitious persons forming part of the fake list.....*”.
- LM is advised to disclose the amount of misappropriated funds as disclosed.
25. RF 8 – LM is advised to move the said risk factor between 15 to 20 risk factors and also, specify the period in the captioned risk factor.
26. RF 11 - LM is advised to make separate risk factor for the statement as disclosed in the captioned risk factor regarding “*Further, we may also be exposed to fluctuations in the prices of certain of these products and any volatility in their pricing may have an adverse effect on our business, cash flows, financial condition and results of operations*”. Also, LM is advised to specify the nature of business of the Issuer Company that the said risk factor speaks about.
27. RF 13 – LM is advised to make the said risk factor to Top 10. Also, make more precise the said risk factor. LM to disclose the compliance with the provisions of ICDR regarding qualifications.
28. RF 15 – LM is advised to make the said risk factor to Top 10. It has been disclosed that “*Our Company received foreign direct investment in the year 2017 under the automatic route, though private security agency services (which contributed to less than 3.00% of our Company’s revenue) was not covered under the automatic route. Any action by the regulatory or statutory authority may affect our business and prospects*”. LM is advised to make clarity on automatic route, private security agency services.



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- Regarding application of the Issuer Company for FDI investment to DPIIT, LM is advised to make more details and more clarity regarding the application that the Issuer Company applied, its status and later closed as mentioned in the instant risk factor.
29. RF 16 – The captioned risk factor speaks about the businesses that the Issuer company is going to develop new services, where as in the description under the risk factor, the business that the Issuer company has been carrying out has been elaborated. Hence, LM is advised to disclose the details regarding the captioned risk factor.
30. RF 18 – LM is advised to use the word require in place of may be required in the captioned risk factor.
31. RF 19 – LM is advised to delete the word 'rapid' in the instant risk factor.
32. RF 21 – It has been disclosed that “.....*Such financial information has been included to demonstrate the impact of our Company's track record to engage in value accretive acquisition at reasonable valuations.....*”. In this regard, LM is advised to disclose the impact of the financials of the Issuer Company,
33. RF 22 – LM is advised to make the risk factor in between Top 15 -20 risk factors.
34. RF 23 – LM is advised to make the risk factor to Top 15 risk factor.
35. RF 25 – LM is advised to make the risk factor to Top 15 risk factor.
36. RF 28 – LM is advised to make the risk factor to Top 15 risk factor. It has been disclosed that “....*Further, our financing agreements contain certain restrictive covenants that limit our ability to undertake....*”. In this regard, LM is advised to disclose the exact page no. of DRHP, wherein the details of agreements have been disclosed.
37. RF 30– LM is advised to make the risk factor to Top 20 risk factor.
38. RF 36 – LM is advised to disclose a statement that the registered office and corporate office of the Issuer Company on the lease basis are in the market rate as the said premise belongs to the promoters of the Issuer Company.
39. RF 39 – LM is advised to disclose the reason for increase in revenue from ₹ 99.39 million and ₹ 814.38 million and also disclose the number of clients for the said period.
40. RF 40– LM is advised to make the risk factor to Top 20 risk factor.
41. RF 42 – LM is advised to bring the instant risk factor to Top-5 risk factor.
42. RF 43 – LM is advised to make the risk factor to Top 10 risk factor. Also, disclose that the acquisition has not been appraised rather, it is the estimate of the Issuer Company. Also, LM is advised to disclose the acquisitions made in the past years and also refer the exact page no. of DRHP, where the details in this regard has been disclosed.
43. RF 50- LM is advised to bring the instant risk factor to Top-5 risk factor.
44. LM is advised to make the following additional Risk factor in the DRHP:
- a) LM is advised to make a separate risk factor regarding Goodwill as RF 8.



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- b) It is noted that Integrated Facility Management (IFM) Business required higher degree of risk Assessment. Any failure to assess the risks will result in loss of business and also result in exposure to business risk, reputational risk, financial risk, legal risks etc. LM to give details of risk assessment tools/ systems, if any in DRHP with cross reference to the same in risk factor in DRHP. LM to also give details of past incidents, its financial legal impact on the business of Issuer Company, liquidated damages / cost incurred etc. in the risk factors.
- c) LM to disclose that lack of proper understanding of systems/ functions of the clients to be maintained would result in accidents/ damages and its impact on the Business of Issuer Company as a separate risk factor in DRHP.
- d) LM to disclose that the company have less tangible asset compared to its revenue and most of the asset is intangible / goodwill any erosion of the same may highly affect the issuer company as a separate risk factor under suitable heading in the DRHP.
- e) LM to disclose the details of complaints from clients, compliance risk and dispute resolution risk as a separate risk factor under suitable heading in the DRHP.
- f) LM to disclose the competitive nature of business with large unorganised players operating in the sector / availability of cost effective labour options which may affect the business of Issuer Company as a separate risk factor under suitable heading in the DRHP.
- g) LM to disclose the top 10 clients based on major revenue generating contracts and concentration of clients, if any as a risk factor in DRHP.
- h) LM to disclose that the company is purely employee dependent and the attrition rate of employees and its impact of the same as a risk factor in DRHP.
- i) LM to disclose the incidents of fraud / misbehaviour of employees in clients as a risk factor in DRHP.
- j) LM to disclose incidents of data thefts / cyber-attacks on client's data as a risk factor in DRHP.
- k) LM to disclose that EBITA margin of the company for the last three years is less than 5% given the industry in which the company is operating is a low margin business and not able to generate higher EBDITA.
45. The offer related expenses shall be deducted from the amounts received from 'Offer for Sale' and only the balance amount to be paid to the selling shareholders.
46. Industry report – LM is advised to remove the disclaimers and update the data.
47. LM is advised to ensure that the usage of funds is as disclosed in the Objects of the Issue and any spill over from the intended objects of the issue to the GCP is not carried out by the issuer company.
48. LM shall disclose the details of the pledged shares held by the promoters / Issuer Company / its subsidiaries.

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49. Related Party Transactions – LM is advised to ensure that the names of the related parties have been disclosed, for each transactions and for outstanding balances.
50. 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.
51. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in RHP.
52. 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.
53. LM is advised to update the financial information of the stub period in suitable places in the DRHP.
54. LM is advised to update the details of borrowing in suitable places in the DRHP.
55. LM is advised to provide an undertaking that the amount to be used for GCP and inorganic initiatives shall not exceed thirty five percent of the total amount fresh issue raised by the Issuer Company.
56. LM is advised to disclose the details of association of Motilal Oswal Investment Advisors Limited with the Issuer Company.
57. Under section Basis of Offer Price, LM is advised to disclose that the certificate issued with respect to KPIs shall be included in the list of material documents for inspection.
58. Page 79 - LM is advised to disclose the reasons for increase in goodwill and details of increase in property, plants and equipment in DRHP.
59. LM to update the financials and if profit decreases for FY 2022-23 compared to earlier years the same may be disclosed as Top 10 RF in DRHP.
60. Page 88-89 – LM is advised to disclose the legal counsel of the Issuer Company and remove the other legal counsels.
61. Capital Structure: LM is advised to disclose the category of shareholder in all the tables under the instant section. Further, disclose the relation of Rammohan Tangirala with the promoters and confirm that whether the entity is categorized as promoter or promoter group and disclose the details of shares transferred and the nature of consideration for these transfer of shares. Also, disclose the details of shares allotted to Equity Shares to India Advantage Fund-III and India Advantage Fund-IV.
62. Page 96 – Equity shares allotted in terms of any schemes of arrangements – LM is advised to bring more details in this regard.
63. Page 111 – Point 13 – LM is advised to make more clarity for the statement as disclosed in this point.

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64. Page 114 – LM is advised to make a separate risk factor that funding of working capital requirements are not assessed and it is own estimation of the Issuer Company.
65. Page 115 – It has been disclosed that "...If at the time of Allotment, any of the below mentioned loans are repaid or refinanced or if any additional credit facilities are availed or drawn down or further disbursements". In this regard, LM is advised to bring more clarity on the underlined in the statement as disclosed in DRHP.
66. Page 115 – Repayment or pre-payment of Borrowing availed by the Company:-
- A disclosed in the DRHP, the estimated utilization of net proceeds for the object regarding repayment or pre-payment of borrowing is Rs. 133 crore whereas the outstanding borrowing amount is Rs. 134.424 crore as on September 30, 2022. In this regard, LM is advised to disclose the updated outstanding borrowing of the Issuer Company.
 - Pursuant to the updation of outstanding borrowing, the outstanding amount may be less than the amount that the net proceeds that has been specified under Issue proceeds. In this regard, LM is advised to clarify in this regard.
 - Whether, new loan that is before the RHP has also been taken into consideration. If, yes, bring a risk factor in this regard.
 - LM is advised to include the sanctioned date of the loan that the Issuer Company availed as disclosed in the Table at page no. 116 of the DRHP.
 - LM is advised to disclose in the price band that the net proceed to be used for the repayment of loan that is raised in between filing of DRHP and RHP.
67. Page 116 – LM is advised to disclose the details of sanctioned loans along with the details of utilisation of purpose of utilisation of loan proceeds, penalties for pre-payment in DRHP.
68. Page 118 - LM is advised to disclose the details of statutory auditors in DRHP.
69. Page 119 - LM is advised to disclose the reasons for increase in cash and cash equivalents in as on September 30, 2022 compared to March 31, 2022
70. Page 121-122 – LM is advised to specify the date in the last column of the Table regarding details of acquisitions.
71. Page 123 – GCP – LM is advised to provide confirmation that the GCP and inorganic initiatives shall not exceed thirty five per cent. of the amount being raised by the issuer company. Also, LM is advised to remove the lines "balance will be used for funding other objects ... general corporate purposes", "..... discretion to revise our business plan..." "flexibility in utilising of net proceeds....". LM is advised to remove the line "agrees to advance the cost and expenses of offer...".

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72. Page 124 – Under para Offer expenses, it has been disclosed that “.....*The Company agrees to advance the cost and expenses of the Offer and will be reimbursed by the Selling Shareholders, severally and not jointly, for their respective proportion of such costs and expenses only upon the successful consummation of the Offer.....*” In this regard, LM is advised to make a statement that the issue expenses to be shares by the selling shareholders even if the proposed offer does not go through.
73. Page 128 – LM is advised to delete the word ‘leading’ as disclose under para qualitative factors. In page 128, LM to substantiate the statements under heading “quantitative factors” or remove the same from DRHP.
74. Page 129 – Comparisons with peers – LM is advised to update the information for the years 2023 and stub period. Regarding weight assigned to Return on Net Worth (RoNW), LM is advised to disclose footnote regarding the weight assignment to RoNW.
75. Page 128 & 209 – It has been disclosed that “....*Highly experienced Management team with backing from large PE Investors.....*”. In this regard, LM is advised to delete the adjective large and use a suitable word for “backing” in the DRHP at all relevant places.
76. Page 135 – LM is advised to disclose the secondary transactions in the shareholding pattern.
77. Page 238 – Regarding purchase of equity shares by India Business Excellence Fund, LM is advised to disclose the date and price of the equity shares of the Issuer Company.
78. Page 239 – LM is advised to bring more clarity regarding the Investment Agreement and also make a risk factor in this regard.
79. Page 241 – LM is advised to disclose the summary of key financial informations for the subsidiaries and joint ventures for the past three years.
80. Page 260 – Regarding change of Board of the Issuer Company, LM is advised to define the resignation under section 168 of the Companies Act, 2013.
81. Page 274 – LM is advised to disclose the summary of key financial informations for the group companies for the past three years.
82. Under Business Section, LM is advised to disclose the payment details, billing details to its clients for various segment of the Issuer Company.
83. Under Business Segment, LM is advised to disclose the following:
- No. of Customers per segment
 - No. of customers in region wise
 - Top 5 customers revenue in absolute number along with percentage terms
 - Top 20 customers revenue in absolute number along with percentage terms
 - Segment wise revenue
 - Segment wise billing

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- Details of business relation to the General staffing such as business model, revenue model, % of total revenue etc.
84. LM is advised to confirm that all transactions in Equity Shares by the Promoters shall be reported to the Stock Exchanges within 24 hours of such transactions. Also, the details of such transactions shall also be included in the Price Band advertisement.
85. Our Management – LM is advised to disclose the details of nominees of the shareholders, if any.
86. Regarding Articles of Association, LM is advised to be guided by the principle that all special rights under any shareholder or other agreement or Articles shall stand terminated in accordance with the provisions and can be instated only on the basis of shareholder approval through special resolution.
87. 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 emphasising on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration, P/E ratio in case DRHP is filed under Regulation 6 (1) of the ICDR Regulations (and /or) Market Cap / Total Revenue ratio in case DRHP is filed under Regulation 6 (2) of the ICDR Regulations), with corresponding suitable explanations so as to justify the offer price”.
88. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
89. LM is advised to ensure compliance with all the directions given to Association of Investment Bankers of India (AIBI).

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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 the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
3. 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.
4. 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.
5. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
6. In terms of SEBI Circulars No. SEBI/CIR/ISD/03/2011, No. SEBI/CIR/ISD/05/2011 and SEBI/CIR/ISD/01/2012 dated June 17, 2011, September 30, 2011 and March 30, 2012 respectively, LM is advised to ensure that 100% promoter holding is in demat form prior to listing.
7. 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."
8. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
9. 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.
10. **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 centres as specified in Schedule XII of SEBI (ICDR) Regulations, 2018, Syndicate Members and Registered Brokers of Stock Exchanges, the Registrars

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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."

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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**.*

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