



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/2024/1654/1

January 11, 2024

Inga Ventures Private Limited

1229 Hubtown Solaris

N.S. Phadke Marg, Opp. Telli Galli

Andheri (East), Mumbai 400 069

Kind Attn: Ms. Kavita Shah

महोदय,  
Madam,

**विषय / Sub: Krystal Integrated Services Limited का प्रस्तावित आईपीओ / Proposed IPO of Krystal Integrated 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.

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 विनियम बोर्ड (सेबी) के पास प्रस्ताव दस्तावेज (ऑफर डॉक्यूमेंट) दाखिल करने का अर्थ किसी भी तरह से यह न लगाया जाए कि सेबी द्वारा इसे मंजूरी प्रदान कर दी गई है। सेबी न तो इस बात की कोई जिम्मेदारी लेता है कि जिस स्कीम या परियोजना (प्रोजेक्ट) के लिए निर्गम (इश्यू) लाए जाने का प्रस्ताव है उसकी वित्तीय स्थिति अच्छी है और न ही इस बात की जिम्मेदारी लेता है कि प्रस्ताव दस्तावेज में दी गई जानकारी या व्यक्त की गई राय सही है। अग्रणी प्रबंधकों (लीड मैनेजर्स) ने यह प्रमाणित किया है कि प्रस्ताव दस्तावेज में जो प्रकटीकरण (डिस्क्लोज़र) किए गए हैं वे मोटे तौर पर पर्याप्त हैं और जो प्रकटीकरणों (डिस्क्लोज़र) तथा निवेशक संरक्षण के संबंध में उस समय लागू सेबी के विनियमों के प्रावधानों के अनुसार किए गए हैं। अग्रणी प्रबंधक यह भी सुनिश्चित करेंगे कि ऐसा भारतीय प्रतिभूति और विनियम बोर्ड [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 विनियम बोर्ड (मर्चेन्ट बैंककार) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख 27 September, 2023 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

It should also be clearly understood that while the Issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the LMs are expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the LMs have furnished to SEBI a Due Diligence Certificate dated September 27, 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 डॉक्यूमेंट) 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 विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 के विनियम 25(1) और अनुसूची- III के अनुसार उपरोक्त निर्गम (इश्यू) के संबंध में फाइलिंग फीस की गणना किस प्रकार की गई है उसका एक विस्तृत विवरण, यथास्थिति, कंपनी रजिस्ट्रार के यहाँ प्रॉस्पेक्टस दाखिल किए जाने के सात दिनों के भीतर / स्टॉक एक्सचेंज के पास प्रस्ताव-पत्र (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।

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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.

9. आपसे अनुरोध है कि इस पत्र की प्राप्ति के 15 दिवस के भीतर अपना उत्तर प्रस्तुत करें।

You are requested to submit your response within 15 days of the receipt of this letter.

स्थान / Place: मुंबई / Mumbai

  
(Sanjukta Mahala)  
सहायक महाप्रबंधक  
Assistant General Manager

Annexure I

OBSERVATIONS

1. Please refer to our letter dated October 23, 2023, your letter dated November 02, 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. LM is advised make refer exact page no. of DRHP, wherein the details of information has been disclosed.
10. LM is advised to incorporate all the certificate certified by the Chartered Accountants under section Material contracts and documents for inspection.
11. As observed from the DRHP, the amounts disclosed are not in uniform measurement. In this regard, LM is advised to make uniformity in the amounts in all the places of the DRHP.
12. 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.  
LM is advised to confirm and disclose that the Pre-IPO allottee has been appropriately written / intimated in letter 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. Such intimation shall be before the shares are allocated.

In reference to Pre-IPO placement undertaken by the company, LM is advised to suitably disclose risk to investors applying in IPO whether the Pre-IPO was at a price higher / lower than the IPO price in the price band advertisement.

LM is advised to ensure compliance with SEBI direction to AIBI vide email dated July 4, 2023 related to disclosures pertaining to Pre-IPO placement and transaction of shares by promoters and promoter group(s) in the Public Announcement and Price Band Advertisement.

13. 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.
14. LM is 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.
15. 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. The 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.
16. Page 19 – Summary of the primary business of the Company – LM is advised to disclose regarding the primary business/ operation of the issuer company. Also, disclose the data to substantiate the statement for leading integrated facilities management company. Also, specify the comprehensive range of services that the Company offers in multiple sectors.
17. Page 26 – It has been disclosed that "*The details of price at which.....with rights to nominate directors or any other rights in the last three years....*". In this regard, LM is advised to confirm that all special rights to be terminated before filing the UDRHP for the proposed IPO of the Issuer Company.

### **Risk Factors**

18. LM is advised to make the following as risk factors suitably:
  - Funding requirements and deployment of the Net Proceeds are not appraised by any independent agency and are based on current circumstances and any variation in the utilization of the net proceeds would be subject to certain compliance requirements, including prior shareholders' approval
  - Weakness of the Issuer Company
  - opportunities of the Issuer Company

- Threats to the Issuer Company
- Market restraints
- Market share
- Competitive business
- Major revenue comes from hospital and education segment
- Major portion of net proceeds to be utilised in the financial years 2025
- 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 systems, 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.
- Complaints from clients, compliance risk and dispute resolution risk as a separate risk factor under suitable heading in the DRHP.
- Issuer Company is purely employee dependent and the attrition rate of employees and its impact of the same as a risk factor in DRHP.
- Incidents of fraud / misbehaviour of employees in clients as a risk factor in DRHP.
- Risk due to Operational – Disruption to supplies and operations, loss of access to essential assets, or failures in distribution
- Reputational risk resulting from Loss of customer or employee confidence or damage to market reputation.
- Risk related to project Going over budget issues with service quality.
- Risk due to restrictive covenants/ conditions of loan agreements with lenders.
- Sector wise concentration of revenue of the issuer.
- Statutory dues payable i.e Income tax, PF, ESIC etc and updated status of the same. LM to also disclose the brief details of litigations pertaining to same and the amount of contingent liabilities in this regard

19. RF 1 – LM is advised to disclose the data on concentration in the heading of the said risk factor.

20. RF 2- LM is advised to disclose the data on concentration in the heading of the said RF. Also, LM is advised to disclose the name of the entities or make a reference to the page no. of DRHP, wherein the details in this regard have been disclosed. Also, disclose the details of bids and sectors that the for such contracts of the Issuer Company.

21. RF 6 – LM is advised to delete “We are one of India’s leading integrated facilities management services companies” and modify the sentence suitably in the first para of the said risk factor.

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22. RF 7 – Regarding the employment of 39,676 personnel, LM is advised to disclose the following:

- Employment of personnel of the Issuer Company
- Details of payments made to the employees whether by the Issuer Company or its clients
- Segment wise revenue details

23. RF 8 – LM is advised to confirm that all the personnel of the Issuer Company are in the integrated business services.

24. RF 10 – The said risk factor seems to be similar with the risk factor 7. In this regard, LM is advised to differentiate between these two risk factors.

25. RF 13 – LM is advised to disclose the details of vendor cost for supply of equipment's and products for the past three years.

26. RF 14 – LM is advised to disclose the impact of Digital Personal Data Protection Bill.

27. RF 15 – LM is advised to disclose the instances of failure to renew permits, suspension, revocation of permits and its impact on the business of the Issuer Company.

28. RF 16 - LM to disclose the attrition rate of employees and its its impact on the business of issuer.

29. RF 27 – It has been disclosed that “Our business requires significant amount of working capital primarily due to the fact that a significant amount of time passes between when we make payments to our vendors and personnel, and when we receive payments from our customers. Consequently, there could be situations where the total funds available to us may not be sufficient to fulfil our commitment...”. In this regard, LM is advised to make more clarity in this para of the said risk factor.

30. RF 30 - LM is advised to submit a sworn affidavit from the issuer regarding the non-traceability of documents of the issuer company as disclosed in the said risk factor.

31. RF 34 – LM is advised to disclose the details of observations by the statutory auditors in the said risk factor.

32. RF 36 – LM is advised to disclose the reason for provident fund dues of the Issuer Company

33. RF 47 – LM to disclose the common directors in the Krystal Allied Services Private Limited and Krystal Aviation Services Private Limited

34. LM is advised to disclose the brief observations of CARO report.

35. LM is advised to disclose the status of “Material approvals pending in respect of our Company” and its impact on the issuer company.

### Financials

36. LM is advised to disclosed the disclose the reason for increase in property, plant and equipment from Rs. 94.71 million to Rs. 782.18 million.

37. LM is advised to disclose the reasons for high increase in cash flow from operations in Financial Years ending March 2023 compared to March 2022.





### Capital Structure

38. Capital structure – Under section Capital Structure, LM is advised to disclose the transfer of the shares allotted during the subscription of MOA.
39. LM is advised to disclose the category of the promoter in the Tables having the details of shareholding of the Issuer Company.
40. LM is advised to disclose the details of conversion of the promoters and give relevant documents loans into equity shares as material document for inspection in DRHP.

### Objects of the issue:

41. 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.
42. Page 99 - 100 – As regards the foot note “#”, LM is advised to disclose following details suitably:
  - Details of purchase of Corporate Office is on whose name
  - purchase of Corporate Office is on whose name
  - Amount paid by whom for the said purchase and detailed reason
  - Reason for pay back to the promoter
  - Whether the said transactions are in the nature of transaction between the Company and the Promoter
  - Whether the promoter repaid the amount to the Company
43. Page 100 - LM has stated that “*Payment of pre-payment penalty or premium, if any, shall be made by our Company from the Net Proceeds. If the Net Proceeds are insufficient to the extent required for making payments for such pre-payment penalties or premiums, such excessive amount shall be met from our internal accruals.*” LM is advised to disclose the same as separate risk factor along with details of pre-payment penalties and other restrictive covenants of loans. Also, disclose the lenders consent as per the provisions of ICDR Regulations.
44. LM is advised to disclose detailed reasons for decrease in working capital of the company as on March 31, 2023 and projected increase in the working capital in next two years along with substantiation/supporting data. Also, LM is advised to get the CA certificate to that effect and disclose the same as material document for inspection in the DRHP.
45. LM is advised to disclose the reasons for projected increase in trade receivables in the next two years in the DRHP.
46. Under General Corporate purposes, LM is advised to confirm/remove the purpose of utilization which are already forming part of objects of the issue such as working capital, debt repayment etc.
47. Page 102 – LM is advised to disclose the reason for radical change in trade receivable days and trade payable days of the Issuer Company.
48. Page 107 – Offer expenses – As regard the offer expenses, LM is advised to disclose the statement that the offer related expenses shall be paid by the selling shareholders irrespective of proposed IPO to be successful or not.



**Basis of offer price:**

49. LM to disclose the details of operational parameters as KPI under the basis of offer price section
50. Page 111 – Qualitative Factors – LM is advised to delete the word efficient and modify the last bullet point statement having past three years' financial performance
51. Page 122 – LM is advised to disclose Legal Counsel to the Company instead of Legal counsel to the Offer.

**Industry Overview**

52. Industry Overview – Regarding the F&S report, LM is advised to disclose that no material information has been discarded left out by the F&S and the said report is excerpt or full report.
53. Industry report – LM is advised to remove the disclaimers and update the data.
54. Page 148 – LM is advised to incorporate the disclosed key financial metrics in the peer group companies in the DRHP.

**Our Business**

55. LM is advised to remove the futuristic statements/ proposed plans (not substantiated by facts) wherever disclosed in the DRHP.
56. Under business section LM is advised to disclose the revenue model of the Issuer Company.
57. Page 199 – Human Resources and Training initiatives
  - Vertical wise employees for past three years and stub period
  - Disclose the reason for increase in employees from March 2023 to August 2023
  - Details of training for the last three years
  - Capacity at the training centers
  - Number of training days
  - Details of training across the country
  - Disclose the amount due and paid for the number of employees w.r.t. ESIC, PF, tax, other statutory dues of the employees for, the last three years at the relevant place and cross reference to be made in the risk factor
58. Page 201 – LM is advised to make a confirmation that the disclosed lease is form third party and not from promoter/promoter group/director or having relation with the Company/subsidiaries/group companies etc.
59. Page 210 – As regards Krystal Family Holdings Private Limited, LM is advised to disclose the details of promoters of the said Company.
60. Page 214 – Regarding the scheme of arrangement to transfer our "Smart City Business" to Volksara Techno Solutions Private Limited (VTSPL), LM is advised to disclose the shareholding of the issuer company in VTSPL.

61. Page 308 – Guarantees – LM is advised to disclose the details regarding whether the loans been factored in the working capital calculation, when the Company has availed the loan, purpose of the loan etc.
62. Page 339 – LM is advised to disclose the details of credit ratings for the past three years and make a risk factor in this regard.
63. Page 356 – Material approval in relation to business... - LM is advised to disclose the details of permits, licenses and approvals. Also, instances of the approvals which have been lapsed and its impact on the business of the Company.
64. Page 356 – Material approvals pending in respect of our Company – LM is advised to disclose the date of expiry of the license and also the reason for pending for a long time for approval. Also, update the status of the pending licenses for approval.
65. LM is advised to disclose the key audited financials of the subsidiaries suitably in the draft offer document.
66. LM shall disclose the details of the pledged shares held by the promoters / Issuer Company / its subsidiaries.
67. 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.
68. 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.
69. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with other Regulatory Authorities are made in RHP.
70. 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.
71. LM is advised to update the financial information of the stub period in suitable places in the DRHP.
72. LM is advised to update the details of borrowing in suitable places in the DRHP.
73. 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.
74. As regard the employees of the Issuer company, LM is advised to disclose whether the statutory dues to the Government and provident fund for all full time employees have been paid for the last three years. LM shall disclose total PF being paid for number of employees and whether the same is paid as per statutory law/obligation and the amount paid. Such details and bifurcation shall be disclosed for various dues such as PF, ESIC, GST, TDS, other statutory contributions etc shall be given in the document and whether the obligation have been duly discharged in terms of the applicable laws.



75. 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.
76. Our Management – LM is advised to disclose the details of nominees of the shareholders, if any.
77. LM to include a categorical statement that it has 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 offer document.
78. LMs shall confirm to SEBI that as on the date of the offer document, the clauses / covenants of AoA of the Issuer Company are in compliance with the Companies Act and the Securities Laws, as applicable.
79. 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.
80. LM is advised to adhere to the following conditions:
- UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
  - 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”.
81. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.
82. 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 to an Issue and Share Transfer Agents (RTAs) and Depository Participants (DPs)

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registered with SEBI, at least two days before the opening of the issue. This shall be in addition to ASBA forms which shall be sent to controlling branch of SCSBs for sending to designated branches other than those located in mandatory collection center.

- ii) LM is advised to ensure that the ASBA mode of payment is highlighted in bold in all the advertisement / communication informing about the issue. Further, LM is also advised to ensure that the following is suitably incorporated in all advertisements / communications regarding the issue issued by the issuer:

- a. The following may appear just below the price information of the issue as shown below:

**“PRICE BAND: RS. xx TO RS. xx PER EQUITY SHARE OF FACE VALUE OF RS. xx EACH**

**THE FLOOR PRICE IS xx TIMES OF THE FACE VALUE AND THE CAP PRICE IS xx TIMES OF THE FACE VALUE**

**BID CAN BE MADE FOR A MINIMUM OF xx EQUITY SHARES AND IN MULTIPLES OF xx EQUITY SHARES THEREAFTER.**

## **ASBA \***

(APPLICATION SUPPORTED BY BLOCKED AMOUNT)

Simple, Safe, Smart way of Application !!!

**Mandatory in public issue .No cheque will be accepted**



**now available in ASBA for retail individual investors.**

\* ASBA is a better way of applying to issues by simply blocking the fund in the bank account.

For further details check section on ASBA below.”

- b. The following paragraph on ASBA may be inserted in the advertisement/Communications:

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*"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](http://www.sebi.gov.in).\*\* List of banks supporting UPI is also available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)\*\*.*

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