



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

सहायक प्रबंधक Assistant Manager
RAC-निर्गम एवं सूचीबद्धता प्रभाग-1/RAC-Division of Issues and Listing-1
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November 7, 2022

सेबी/सीएफडी/RAC-डीआईएल1/P/OW/2022/56850/1
SEBI/HO/CFD/RAC-DIL1/P/OW/2022/56850/1

ICICI Securities Limited
ICICI Venture House,
Appasaheb Marathe Marg,
Prabhadevi,
Mumbai – 400 025
Maharashtra, India

Kind Attention: Mr. Sumit Singh/ Mr. Prem D' Cunha

महोदय,
Dear Sir,

विषय /Sub: Kfin Technologies Limited का प्रस्तावित आईपीओ /Proposed IPO of Kfin Technologies 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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1. 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.**

2. 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 [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिकायरमेंट्स) 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.

3. 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 March 31, 2022 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।



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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 31, 2022, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

4. 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.

5. 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.**

6. 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।

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 शेषफीस 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।



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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.

7. 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

Poonam
सहायक प्रबंधक
Assistant Manager



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Annexure I

OBSERVATIONS

1. Please refer to our letter dated April 25, 2022, and May 19, 2022 and your reply vide letters dated May 5, 2022 and May 26, 2022, October 22, 2022, and all other correspondences exchanged.
2. In the above regard, LM is advised to ensure that the changes made pursuant to our initial clarifications and all correspondences exchanged are duly incorporated in the updated DRHP and RHP.
3. 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 / RHP.
4. 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.
5. LM is advised to ensure compliance in respect of exemption letters dated October 14, 2022 issued to the company and LM.
6. With regard to disclosing details of lead manager(s) on front outside page of draft offer document and the offer document, LMs are advised that all lead manager(s) are uniformly to be identified as Book Running Lead Manager(s) (BRLMs) without making any differentiation between lead manager(s). Lead Manager(s) / BRLMs, term is as per SEBI (ICDR) Regulations, 2018. Details regarding BRLMs acting as Global Coordinators / Joint Global Coordinators may be provided at section on inter-se allocation of responsibilities in the draft offer document and the offer document.
7. LM is advised to ensure that the following details are provided in the UDRHP/RHP - Price at which specified security (including preference shares) was 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.
8. LM shall ensure compliance with enhanced disclosures in the Price band advertisement as per advisory issued to AIBI vide email dated Nov 15, 2021.
9. LM is advised to confirm whether there has been any instance of issuance of equity shares in the past by the Group Companies to more than 49 investors in violation of:
 - a) Section 67(3) of Companies Act, 1956; or
 - b) Relevant section(s) of Companies Act, 2013, including Section 42 and the rules notified thereunder; or
 - c) The SEBI Regulations; or
 - d) The SEBI (Disclosure and Investor Protection) Guidelines, 2000, as applicable.



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10. LM is advised to revise the date of exemption applications at all relevant places in the updated DRHP.
11. **Summary of the Offer Document-** Simple conversational language to be used. No abbreviations shall be used.
12. **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.
13. In page 23, LM is advised to reframe summary of industry section with relevant information pertaining to its industry overview and avoid any vague statements.
14. In page 72, LM is advised to disclose in brief background of the company including details of scheme of arrangement.
15. In page 82, LM is advised to disclose that the company has informed ED about issuance of preference share capital to Adhiraj Parthasarathy vide its letter dated Oct 25, 2021 (as submitted to SEBI).
16. In page 86, LM is advised to indicate in a footnote that public shareholders include C Parthasarathy and his related entities and their 14.12% shareholding is under provisional attachment by ED.
17. LM is advised to disclose the details of all profit sharing arrangements involving the Issuer, promoters, promoter group, directors and shareholders, if any.
18. LM is advised to disclose the details of all shareholder agreements including issuance of redeemable preference share capital and the same shall also be part of material documents for inspection.
19. LM is advised to ensure that non-standard terms such as adjusted EBITDA, adjusted EBITDA margin, operating EBITDA, operating EBITDA margin, adjusted PAT, adjusted PAT margin and alike shall not be disclosed in sections other than Other Financial Information and Management Discussion and Analysis. Further, LM shall ensure that instead of using the terms such as "adjusted EBITDA" which are not standardized, the same should be described as "EBITDA adjusted for [.....]". Similar changes for operating EBITDA, adjusted PAT, etc. shall be made in the offer documents.
20. LM is advised to update and disclose in the Offer documents, any correspondence received from Enforcement Directorate ("ED").



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21. LM shall confirm that all outstanding litigations pertaining to KCPL RTA business that were transferred to the company pursuant to scheme of arrangement that may have an impact on the company have been disclosed.
22. In page 231, LM is advised to disclose in the table, details of modification in the scheme of arrangement approved by NCLT.
23. In page 233, LM is advised to confirm and disclose special rights to GA and KMB in relation to quorum in board meetings shall cease to exist post listing of equity shares.
24. LM is advised to disclose brief financial details of the subsidiaries for the last 3 FY. (page 235-237)
25. In page 243, LM is advised to confirm and disclose that right of KMB to appoint observer on the Board of Directors of the company shall cease to exist post listing of equity shares.
26. LM is advised to disclose details of present business activities of the Group companies (page 264-265)
27. 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.
28. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.
29. LM is advised to include the industry report in the list of material documents for inspection and also provide a link in the offer document for online access of industry report. Further, the industry report disclaimers (if any) shall be removed from all places of the offer document.
30. LM shall confirm whether there has been a change in auditor(s) before completion of the appointed term (in any of the past five fiscal years), and the reasons thereof.
31. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.
32. When disclosing the status of government approvals in the Risk Factors, LM is advised to include a cross reference with specific page numbers to other sections where the disclosures are made. If approval has a validity, the same shall be mentioned. Consequences of withdrawal of licenses/approval shall be provided.
33. LM is advised to make consistent usage of the term BRLM.



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34. LM is advised to ensure that in the price band advertisement, there is a minimum 5% difference between the floor and cap price.

Risk Factors-

35. Risk Factor 1: LM is advised to disclose the past instances of data thefts / cyber-attacks and the corrective actions, if any taken in this regard in the last three years.

36. Risk Factor 3: In order to quantify the impact that decline in AAUM of mutual funds may have on revenues of the company, LM is advised to disclose in the heading average revenue earned from mutual funds for the last three financial years as a percentage of total revenue.

37. Risk Factor 3: LM is advised to disclose risks associated with revenues from Issuer solutions also which may decline in future.

38. Risk Factor 4: LM is advised to disclose growth in terms of Equity AAUM and overall AAUM market share.

39. Risk Factor 11: LM is advised to confirm and disclose the reasons for non-availability of information related to lenders, if any, other than HDFC and ICICI with whom equity shares of the company may have been pledged/ encumbered.

40. In Risk Factor 11 and in page 27, 90 LM to update the status of exemption application and compliance of submissions/ conditions/ undertakings / disclosures in the RHP.

41. Risk Factor 12:

- LM is advised to disclose adjudication proceedings initiated against the company by PFRDA in respect of violations pertaining to fraudulent processing of Exit/ Withdrawal claims of two subscribers under the NPS.
- LM is advised to disclose year/period of inspections by PFRDA.
- LM is advised to disclose the past instances of non-compliances/ actions initiated/ penalty levied by SEBI and corrective actions, if any taken in this regard.
- LM is advised to disclose in brief, complete details of lapses/non-compliances identified by SEBI in its inspections for which administrative warnings/ deficiency letter/ adjudication has been initiated against the company.

42. Risk Factor 17: LM is advised to disclose clearly the nature of services rendered to its clients in Southeast Asia including to AMCs/ others as the same is not clearly disclosed.

43. Risk Factor 20: LM is advised to disclose the past instances of failure of systems/ servers and IT risk management systems such as DRS and business continuity plan put in place by the issuer company in the last three years



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44. **Risk Factor 21:** LM is advised to disclose in the Risk factor, all material details pertaining to data stored in Bahrain as confirmed in your reply dated May 26, 2022.
45. **Risk Factor 37:** LM is advised to rephrase and simplify the disclosures, at all places in the Offer document, that cost incurred by the company in relation to transfer of 12,94,489 shares in 'good faith and no fault basis' to past client are indemnified by CP group as part of an indemnity clause (amounting to INR 300 million) contained in the agreement for issuance of redeemable preference shares to Adhiraj Parthasarathy. Further, disclose any action taken/ reply from SEBI in respect of the communications to SEBI (refer your reply vide letter dated May 26, 2022).
46. LM is advised to incorporate a risk factor disclosing that increase in PAT margin from FY 2021 to FY 2022 is on account of certain non-recurring events and is thus, is not indicative of future growth of profits. Further, disclose reasons for increase in PAT margin in FY 2022 as compared to loss in FY 2021.
47. In page 211, LM has stated that *"In addition, we are required to indemnify our clients the actual loss incurred by our clients for actions arising out of or attributable to us, which includes events of errors arising out of commission and/or omission of (i) wrong processing, (ii) missing out processing the application and reporting, (iii) misplacing application and (iv) serious violations as per guidelines issued by SEBI, and shall be subject to an agreed maximum aggregate liability of 12 to 36 months of agreed fees under such agreements"*. LM is advised to disclose the same in the risk factor in page 34 along with the past instances of such events / compensation amounts, if any, paid to clients for loss caused in the last three years.
48. It is noted from the page 186, that the issuer company is operating various apps / digital platforms / software for providing Fintech services. In this regard, LM is advised to include a risk factor under suitable heading on the following aspects:
- Risk related to revenue for Fintech services considering the cost of software development/ updates in new software versions / applications.
 - Risk related to software / app development contracts / maintenance /renewal etc.
49. In page 46, risk factor 25, LM is advised to disclose the cross reference to page where the details of lease such as entity from whom the lease is obtained, amount of lease payments in the last three years, whether lease is obtained from related party, lease which are expired.
50. In page 202, it is disclosed that *"It is compliant with SEBI regulations that addresses the subject of cyber security and resilience framework for intermediaries"*. LM is advised to disclose the details of any past non-compliances / actions by SEBI / system audit firm as a risk factor under suitable heading in RHP.
51. LM is advised to disclose the details on emphasis of matter as disclosed in Audit report as a part of risk factor 37.



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52. Risk Factor 44: LM is advised to move the risk factor to top 15.
53. LM is advised to disclose risk factor for high value of trade receivables for the last three FY that may impact profits in future.

Basis for Offer Price-

54. In page 110, LM is advised to either substantiate or modify the sentences "*Deeply entrenched, long-standing client relationships with a diversified and expanding client base; 5. Asset-light business model with recurring revenue model, high operating leverage, profitability and cash generation; and...*"
55. LM is advised to incorporate financial KPIs along with business vertical-wise operational KPIs. (Page 204 of DRHP)
56. In the justification for offer price, LM is advised to disclose market share based on Equity AAUM and overall AAUM along with market share on the basis of number of clients. Further, LM shall confirm that consistent methodology is used for computation of EBITDA margin for comparison purpose between the company and its peers.
57. In respect of KPIs disclosed, LM is advised to provide disclosure as to why these KPIs are material to understand the business of the Issuer Company and how they can/ have been used by the management historically to analyze, track or monitor the operational and/ or financial performance of the issuer company. Further, KPIs disclosed shall be described and defined clearly, consistently and precisely and should not be misleading.
58. LM shall ensure that all KPIs disclosed in the Offer document(s) are certified / audited by the statutory auditor/ Independent peer reviewed Chartered Accountant of the Issuer Company.
59. The Issuer Company shall continue to disclose these KPIs, on a quarterly and/or annual basis (as determined by the Issuer Company), for a duration that is at least the later of (i) three years after the listing date; and (ii) the utilization of the issue proceeds disclosed in the objects of the issue section of the prospectus. These ongoing KPIs should continue to be certified/ audited by the statutory auditor/ Independent peer reviewed Chartered Accountant of the Issuer Company.
60. LM shall ensure compliance with enhanced disclosures in the Price band advertisement as per advisory issued to AIBI vide email dated Nov 15, 2021.
61. In respect of valuation of Issuer Company, LM is advised to disclose the following:
- Valuation of Issuer Company based on secondary sale/acquisition of shares (equity/convertible securities) excluding gifts [where either acquisition or sale equal to or more than 5% of the fully diluted paid-up share capital of the Issuer Company (calculated on the date of completion of the sale), in a single transaction or a group of transactions in a short period of time] in the 18 months prior to the date of filing



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of the DRHP / RHP. For such transactions, the following should be disclosed: names of transferors/ transferees, number of shares/ instruments, price per share/ instrument, date of transfer, transaction as % of issued capital at that time. Transfers made on the same date and same price can be aggregated.

- ii. Valuation of Issuer Company based on primary/new issue of shares (equity/convertible securities) [equal to or more than 5% of the fully diluted paid-up share capital of the Issuer Company (calculated on the pre-issue capital on the date of allotment), in a single transaction or a group of transactions in a short period of time] in the 18 months prior to the date of filing of the DRHP / RHP. For such transactions, the following should be disclosed: names of allottees, number of shares/ instruments, price per share/ instrument, date of allotment, transaction as % of post issue capital pursuant to the allotment. ESOPs and allotments to employee welfare trusts can be excluded. Allotments made on the same date and same price can be aggregated.

[For point i. and ii. – (a) The acquisition cost is to be suitably adjusted for subsequent corporate actions such as bonus/share split etc.

(b) Disclosure shall be made for where issuer have gone under corporate restructuring such as merger/demerger]

- iii. With reference to two preceding points above, disclosure of floor price and cap price being [●] times the WACA, based on primary/ secondary transaction(s): [Based on issue price and not considering any discount for retail/ reservation category]:

	Floor price Rs. (●)	Cap Price Rs. (●)
WACA* of Primary issuance in last 18 months#(●) times		(●) times
WACA* of secondary transactions in last 18(●) times		(●) times
months#		
*WACA – Weighted average cost of acquisition		
#Equivalent or more than .5% of the fully diluted paid-up share capital [excluding employee stock options granted but not vested]		

- iv. Explanation for offer price / cap price being (●) times of the Primary issuance price / Secondary transaction price (as stated in table above), as the case may be, along with comparison of the Issuer's KPIs and financials ratios viz. EPS, P/E Ratio, Return on net worth, Net asset value etc. for the last full financial year and interim period (if any) included in the offer document.
- v. Recommendation of the Committee of Independent Directors in the price band advertisement that the price band is justified giving quantitative factors / KPIs [recommendation may be provided vis-à-vis the WACA in last 18 months in case there are primary / secondary transaction(s) in trailing 18 months].



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- vi. LM is advised to disclose details of all material KPIs that have been shared with Kotak Mahindra Bank Limited (investor) in respect of preferential allotment made in November, 2021 and updated KPIs as per latest available operational and financial data.
- vii. In page 111, Comparison of ratios with the listed industry peers has been disclosed in DRHP. LM is advised to disclose listed industry peers comparable to company's business verticals based on the segmental financial information of the company. Further, LM to clearly disclose the difference in the nature of business of the company vis-à-vis CAMS.

Our Business-

62. LM is advised to disclose latest/updated data at all places in the Industry Overview section.
63. LM is advised to disclose the company's Customer Satisfaction (CSat)/ Net Promoter Score (NPS) scores in the business/ industry overview section along with comparative data for peers.
64. LM is advised to disclose the percentage of in house technology and services development and outsourced development in DRHP.
65. In page 199, LM has disclosed regarding the recent acquisitions by the issuer company. LM is advised to disclose the details of the said recent acquisitions in the RHP.

66. Legal and Other Information-

- i. LM is advised to identify and include risk factor for material litigation, if any, which may adversely affect the company.
 - ii. LM shall update the details of the status of litigation with the latest/ updated position of litigations against promoter/ promoter group entities/ company and the companies promoted by the issuer.
 - iii. LM is advised to ensure the disclosures of all actions taken by the statutory and regulatory authority
67. LM shall disclose the details of the pledged shares held by the promoters/promoter group in the Issuer Company / its subsidiaries.
 68. LM is advised to disclose reasons for resignation of KMPs, Rakesh Kumar Santhalia and Ganesh Venkatachalam. (Page 258 of DRHP)
 69. In outstanding litigation section, wherein outstanding litigation initiated by HDFC Bank Limited against Compar Estates and Agencies Private Limited is proposed to be



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disclosed, LM is advised to incorporate complete details of other parties including Karvy Stock Broking Limited (Group company) related to the company and disclose how the litigation is related to the erstwhile promoters who entered into a non-disposal undertaking with the bank in respect of its 14.12% of the shareholding in the company.

70. LM is advised to remove all references from the offer document(s) wherein statements such as "to the knowledge of company/ to company's knowledge" or "not able to verify factual accuracy and completeness", etc. is disclosed and no responsibility of verification and accuracy of the disclosures is undertaken by the LM.
71. LM is advised to disclose if any default has occurred in respect of issuance, interest payments, redemption etc. of Non-convertible debentures issued by the company in the last 3 FY.
72. LM is advised to confirm and disclose the details of all necessary approvals obtained taken and compliance with all relevant laws and regulations for the buyback of shares by the issuer company in October 2019.
73. In page 82-83, it is disclosed that 1000 Non-Convertible preference shares (non - voting) has been allotted to Adhiraj Parthasarathy. Below the table it is also disclosed that "*The terms of the above mentioned non-convertible redeemable preference shares in accordance with the subscription agreement dated May 28, 2021 entered into by our Company, Adhiraj Parthasarathy, C. Parthasarathy and Rajat Parthasarathy.*" LM is advised to disclose the details of agreement in the RHP. LM is advised to also disclose a suitable risk factor on any adverse impact due to non-redemption of preference shares till the specified date or otherwise as per the agreement entered into by the company.
74. LM is advised to disclose the details of all actions taken by the company with regard to disassociation and declassification of erstwhile promoters/ promoter group in the RHP.
75. LM is advised to disclose preferential allotment price per equity share vis-à-vis price band in terms of such price being [x] times at a higher price band and [x] times at lower price band in respect of such allotments in the last 18 months. The same may be disclosed in the basis for offer price section and also in the price band advertisement.
76. LM is advised to adhere to the following conditions:
 - i. UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
 - ii. UDRHP shall contain necessary updated disclosures justifying the offer price under Section – "Basis for offer price", "Risk Factors" etc., particularly emphasizing 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



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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.

77. 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.
78. LM is advised to specifically mention in the RHP that all special rights available to the Shareholders, will cease to exist upon listing of Equity Shares on the Stock Exchanges pursuant to the Offer, (without requiring any further action) except for rights subject to approval of the Shareholders by way of a special resolution, in a general meeting post listing of the Equity Shares.
79. LM is advised to ensure that details of the Directors in the section titled "Management" clearly depicts if any director is a nominee. If so, please also disclose the details who have nominated them. Similarly, such details to be disclosed for the KMPs as well. Please also confirm that apart from that disclosed in the offer document, there are no other nominee directors, KMPs or other persons etc. appointed on behalf any of the shareholders or any other person.
80. LM is advised to verify and disclose if the name of any of the directors, promoter and promoter group persons is appearing in the list of directors of struck-off companies by ROC/ MCA. Please also check and disclose if the name of the promoter group companies and group companies is appearing in the list of struck-off companies by ROC/ MCA.
81. LM is advised to disclose all the complaints received so far, if any and forwarded by SEBI for comments be under material documents available for inspection along with their respective replies.
82. With respect to 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 are made in the Red Hearing Prospectus and other Offer related material along with the disclosures of the Financial Impact of the same. Further, LM is advised to incorporate a prominent Risk Factor for such complaints received.
83. LM is advised to update the RHP in respect to all pending litigations including for any legal notices where the Company is in receipt of such notices post filing of DRHP.
84. LM is advised to ensure that the details of all the criminal matters initiated against the company, group companies, directors, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the RHP along with appropriate risk factors in this regard.



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85. LM is advised to include a reference to the circulars CFD/DIL2/CIR/P/2018/22 dated Feb 15, 2018 and CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 at all applicable sections in DRHP.

86. LM is advised to ensure following disclosures in the Issue advertisement for announcement of Price Band and all further advertisements as a box item below the price band:

"Risks to Investors:

- i. *The [to be disclosed] Merchant Bankers associated with the issue have handled [to be disclosed] public issues in the past three years out of which [to be disclosed] issues closed below the issue price on listing date."*
- ii. *Any adverse data in the basis for issue price should be disclosed. For example:*
 - *"The Price/Earnings ratio based on diluted EPS for [latest full financial year] for the issuer at the upper end of the Price band is as high as [to be disclosed] as compared to the average industry peer group PE ratio of [to be disclosed]."*
[if average industry peer group PE ratio is not available, then P/E of Nifty Fifty may be disclosed]
 - *"Average cost of acquisition of equity shares for the selling shareholders in IPO is [to be disclosed] and offer price at upper end of the price band is [to be disclosed]."*
 - *"Weighted Average Return on Net Worth for [last three full financial years] is [to be disclosed]%"*

The data on above disclosures shall be updated and disclosed prominently (in the same font size as the price band) in advertisements of Price Band and all further advertisements, website of the company and the stock exchange. Further, any adverse ratio / data in basis for issue price should be disclosed.

87. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.

88. In respect of advertisement for announcement of Price Band, LM shall ensure the following is included:

- i. Recommendation of the Committee of Independent Directors that the price band is justified vis-à-vis the last round of fund raising giving quantitative factors / KPIs.
- ii. The portion pertaining to "Risks to Investors" shall constitute at least 33% of the price band advertisement space.
- iii. LM shall ensure that all issuer companies filing offer document should provide - Price at which specified security was acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right



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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.

- iv. The risks to investors shall include weighted average cost of acquisition of all shares transacted in last 3 years and 1 year, from the date of RHP, in the following format:

Period	Weighted Average Cost of Acquisition (in Rs.)	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in Rs.)
Last 1 year			
Last 3 years			

- v. The font size for price band and "Risk to investors" should be increased to match the font of BID/Offer Programme.
- vi. Matters related to ASBA and UPI may be brought subsequent to Price Band, Risks to Investors, Bid/ Offer Programme and other offer details, and can be of smaller font.
- vii. The portion pertaining to "BRLMs" shall not constitute more than 10% of the price band advertisement space.



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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 cover page to be strictly in compliance with the ICDR Schedule VI- all extra texts may be avoided to ensure that the focus remains on the statutory texts mentioned in the Schedule.
4. 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.
5. 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.
6. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
7. 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.
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:



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- 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 centers 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) 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.



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**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:

"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**.*
