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## SPECTRUM TALENT MANAGEMENT LIMITED

CIN: U51100DL2012PLC235573

Our Company was incorporated on May 09, 2012 as a private limited company under the provisions of Companies Act, 1956 with the Registrar of Companies, Delhi in the name and style of 'Spectrum Talent Management Private Limited'. Subsequently, our Company was converted into public limited company pursuant to which the name of our Company was changed to "Spectrum Talent Management Limited" vide shareholder's approval on December 26, 2022 and fresh certificate of incorporation dated January 04, 2023.

**Registered Office:** B-46, Retreat Apartments, 20 I.P Extension, Delhi-110092  
**Corporate Office:** Block C, Plot no. C-142, Sector- 63, Noida, Gautam Buddha Nagar- 201301, Uttar Pradesh  
**Tel. No:** 0120-4258857/ +91 96503 30031; **E-mail:** cs@stmpl.co.in; **Website:** www.stmpl.co.in  
**Contact Person:** Mr. Ajit Singh

| THE PROMOTERS OF OUR COMPANY ARE MR. SIDHARTH AGARWAL AND MR. VIDUR GUPTA   |  |
|---|--|
| CORRIGENDUM TO THE RED HERRING PROSPECTUS DATED JUNE 02, 2023: NOTICE TO THE INVESTORS ("THE CORRIGENDUM")  |  |
| <p>INITIAL PUBLIC OFFERING OF 60,77,600 EQUITY SHARES OF FACE VALUE OF ₹10.00 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹[•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[•] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹[•] LAKHS ("OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF 51,85,600 EQUITY SHARES AGGREGATING UP TO ₹[•] LAKHS ("FRESH ISSUE") AND AN OFFER FOR SALE OF 8,92,000 EQUITY SHARES ("OFFERED SHARES") AGGREGATING UP TO ₹[•] LAKHS, BY MR. SIDHARTH AGARWAL AND MR. VIDUR GUPTA (SELLING SHAREHOLDERS), THE ("OFFER FOR SALE"). THIS OFFER INCLUDES A RESERVATION OF 3,04,000 EQUITY SHARES AGGREGATING UP TO ₹[•] LAKHS (CONSTITUTING UP TO 5.00% OF ISSUED PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY) FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE OFFER LESS THE MARKET MAKER RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE 26.32 % AND 25.00 %, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY, RESPECTIVELY. THE FACE VALUE OF THE EQUITY SHARES IS ₹10.00 EACH.</p> <p>THE PRICE BAND OF ₹ 169 TO ₹ 173 IS DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER ("BRLM") AND SELLING SHAREHOLDERS</p> <p><b>Potential Bidders may note the following:</b></p> <ol style="list-style-type: none"> <li>1) In the sections "Summary of the Offer Document" "Objects of the Offer", "provided herein below as part of Corrigendum, modifications have been updated and the revised Chapter have been mentioned below.</li> <li>2) The above is to be read in conjunction with the Red Herring Prospectus and accordingly their references in the Red Herring Prospectus stand amended pursuant to this Corrigendum. Please note that the changes pursuant to this Corrigendum will be appropriately included in the Prospectus, as and when filed with the RoC, the SEBI and National Stock Exchange of India Limited. All capitalized terms used in this Corrigendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Red Herring Prospectus.</li> </ol> <p style="text-align: right;"><b>For and on Behalf of Spectrum Talent Management Limited</b><br/> <b>Sd/-</b><br/> <b>Mr. Ajit Singh</b><br/> <b>Company Secretary &amp; Compliance Officer</b></p> <p><b>Place: Delhi</b><br/> <b>Date: June 06, 2023</b></p> |  |

| BOOK RUNNING LEAD MANAGER   | REGISTRAR TO THE OFFER  |
|---|---|
|  <p><b>Sarathi Capital Advisors Private Limited</b><br/> CIN: U65190DL2012PTC238100<br/> 401, 4th Floor, Manek Plaza, 167, Vidyanagari Marg, Kalina, Santacruz (E), Mumbai – 400 098<br/> <b>Tel No.:</b> +91 22 2652 8671/ 72<br/> <b>Email Id:</b> compliance@sarthiwm.in<br/> <b>Website:</b> www.sarthiwm.in<br/> <b>Contact Person:</b> Mr. Deepak Sharma<br/> <b>SEBI Registration No.:</b> INM000012011</p> |  <p><b>Skyline Financial Services Private Limited</b><br/> CIN: U74899DL1995PTC071324<br/> D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110020<br/> <b>Tel. No.:</b> +91 11 4045 0193<br/> <b>Email:</b> ipo@skylinerta.com<br/> <b>Investor Grievance E-Mail:</b> grievances@skylinerta.com<br/> <b>Contact Person:</b> Mr. Anuj Kumar<br/> <b>Website:</b> www.skylinerta.com<br/> <b>SEBI Registration No.:</b> INR000003241</p> |

| BID/ISSUE PERIOD            |                                  |
|-----------------------------|----------------------------------|
| <b>BID/OFFER OPENS ON</b>   | <b>JUNE 09, 2023 (FRIDAY)</b>    |
| <b>BID/OFFER CLOSES ON*</b> | <b>JUNE 14, 2023 (WEDNESDAY)</b> |

\*Our Company in consultation with the BRLM may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

## SECTION II - SUMMARY OF THE OFFER DOCUMENT

### OVERVIEW OF THE INDUSTRY

The organized staffing business in India has continued to expand at a rapid pace. According to a survey, the Indian staffing business grew by 3.6% in fiscal year 2020-21, owing to a comeback in the fourth quarter of the previous fiscal year.

According to the report, post-pandemic flexi-employment market trends and it has influenced women, young, and high-skilled employees in a good way. It is also noted that regardless the pandemic situation, temporary staffing grew in IT, E-commerce, Logistics and Manufacturing sectors.

Flexi Staffing is growing trend in an Indian job economy. Around 72% of Flexi workers want to keep working as same, and 85% of Flexi workers are happy with their current situation.

The term "flexi staffing" describes a situation in which a corporation hires workers on a temporary basis, either for a long-specified period of time or until the task is completed. These employees could be via employment agencies or referrals on a contract basis. These type of services helps to hire people when the company is out of staff. If a company doesn't have enough employees, they can look for a new permanent employee, but they can also use flexible staffing services in which they can hire independent contractors, part-time employees, or temporary worker.

Staffing industry added new employment at a sharp 21.9% YoY (2021-22), compared to a 3.6% new employment generated in the previous year. General Staffing Industry net new employment grew at 21%, adding 1.57 lakhs new formal workforce, from the year before at 18.1%. General Staffing Industry was primarily driven by demands from FMCG, E-commerce, Manufacturing, Healthcare, Retail, Logistics, Banking, Energy etc.

### OVERVIEW OF THE BUSINESS

We offer a wide array of services such as Recruitment, Payroll, Onboarding and flexible staffing. Our comprehensive network, structured processes, professionalism and strong work ethics ensure that we remain at the top on the global scale. We satisfy firms' staffing, and recruitment needs globally through this specialized rich knowledge.

Our substantial talent pool and deep understanding of the hiring industry has helped us achieve significant strides in the HR market.

A proper staffing process allows us to identify the current and future requirements of the clients. Further, it helps us create and execute a plan as per the derived requirements to hire the most suitable candidates. The different steps in staffing process include:

- Workforce planning
- Recruitment and selection
- Placement
- Onboarding
- Retention
- Exit or separation

We keep on exploring new lines of businesses, in the process the Company came across the business of export of electronic products which happened to be an emerging field with huge growth potential in the years to come. Needless to mention, it is not the Company's core business but owing to small order size and fast turn-around, the company has engaged in the said trading activity to further optimize its capital rotation which has earned company a decent return. However, in order to focus on the core-competence of our company, as on the date of this Red Herring Prospectus, we are in process of closing trading vertical of our business, in due time.

## OUR PROMOTERS

Our Company is promoted by Mr. Sidharth Agarwal and Mr. Vidur Gupta.

## OFFER SIZE

The following table summarizes the details of the Offer size:

|                        |   |
|------------------------|---|
| Offer of Equity Shares | 60,77,600 Equity Shares aggregating up to ₹[●] lakhs                            |
| Of which:              |   |
| Fresh Issue            | 51,85,600 Equity Shares aggregating up to ₹[●] lakhs                            |
| Offer for Sale         | 8,92,000 Equity Shares aggregating up to ₹[●] lakhs by the Selling Shareholders |
| Market Maker           | 3,04,000 Equity Shares aggregating up to ₹[●] lakhs                             |

## OBJECTS OF THE OFFER

We intend to utilize the proceeds of the Fresh Offer, in the manner set forth below:

| (Rs. In lakhs) |  |          |
|----------------|--|----------|
| Sr. No.        | Particulars  | Amount   |
| 1.             | Funding Working Capital Requirement                          | 7,400.00 |
| 2.             | Acquisitions of Businesses in similar or complementary space | 150.00   |
| 3.             | General corporate purpose                                    | [●]      |
| 4.             | *Offer Expenses  | [●]      |
|                | <b>Total</b>   | [●]      |

\*As on May 22, 2023, our Company has incurred a sum of Rs. 37.61 Lakhs towards offer expenses.

## SHAREHOLDING OF PROMOTERS AND PROMOTER GROUP

The table below presents the current shareholding pattern of our Promoters and Promoter Group (Individuals and company):

| Sr. No. | Name of the Shareholder | Pre – Offer          |                         | Post – Offer         |                          |
|---------|-------------------------|----------------------|-------------------------|----------------------|--------------------------|
|         |                         | No. of Equity Shares | % of Pre- Offer Capital | No. of Equity Shares | % of Post- Offer Capital |
| (I)     | (II)                    | (III)                | (IV)                    | (V)                  | (VI)                     |
|         | <b>Promoter</b>         |                      |                         |                      |                          |
| 1)      | Sidharth Agarwal        | 85,06,060            | 47.50                   | 80,60,060            | 34.90                    |
| 2)      | Vidur Gupta             | 85,06,060            | 47.50                   | 80,60,060            | 34.90                    |
|         | <b>Promoter Group</b>   |                      |                         |                      |                          |
| 1)      | Sidharth Agarwal ( HUF) | 223,844              | 1.25                    | 223,844              | 0.97                     |
| 2)      | Ankita Gupta            | 223,844              | 1.25                    | 223,844              | 0.97                     |
| 3)      | Veena Gupta             | 179,075              | 1.00                    | 179,075              | 0.78                     |
| 4)      | Deepika Gupta           | 179,075              | 1.00                    | 179,075              | 0.78                     |
| 5)      | Rajesh Gupta            | 89,538               | 0.50                    | 89,538               | 0.39                     |
|         | <b>Total</b>            | <b>1,79,07,496</b>   | <b>100.00%</b>          | <b>1,70,15,496</b>   | <b>73.68</b>             |

**SUMMARY OF FINANCIAL INFORMATION**

The following table represents on the basis of Restated Consolidated Financial Information:

(Rs. In Lakhs)

| Particulars                            | For Nine months ended December 31, 2022 | As at March 31 |           |           |
|--|---|----------------|-----------|-----------|
|  |   | 2022           | 2021      | 2020      |
| Share Capital                          | 1,790.75                                | 855.00         | 950.00    | 475.00    |
| Net Worth                              | 4,844.57                                | 2,827.37       | 1,976.30  | 1,500.36  |
| Total Revenue                          | 58,415.74                               | 48,372.17      | 30,296.00 | 32,362.37 |
| Profit After Tax                       | 1,997.46                                | 1,552.71       | 476.41    | 675.96    |
| Earnings per share (in Rs.)            | 11.15                                   | 9.07           | 10.03     | 14.23     |
| NAV per equity (in Rs.)                | 27.05                                   | 16.52          | 41.61     | 31.59     |
| Total Borrowing (as per Balance Sheet) | 255.09                                  | 1026.88        | 60.72     | 422.19    |

**AUDITOR QUALIFICATIONS**

There is no Auditor's qualification which has not been given effect to in the Restated Consolidated Financial Statements.

**SUMMARY OF OUTSTANDING LITIGATIONS**

The brief details of the outstanding litigations are as follows:

| Sr. No.  | Types of Proceedings | No. of Cases | Amount to the extent quantifiable (in Lakhs) |
|--|----------------------|--------------|--|
| <b>LITIGATIONS INVOLVING OUR COMPANY</b>         |                      |              |  |
| <u>Litigation matters against our Company</u>    |                      |              |  |
| 1)   | Criminal Matter      | 1            | Not Quantifiable                             |
| 2)   | Civil Matter         | -            | -  |
| 3)   | Tax matters          | 2            | 100.20                                       |
| <u>Litigation matters filed by our Company</u>   |                      |              |  |
| 1)   | Criminal Matter      | 2            | 39.40  |
| 2)   | Civil Matter         | -            | -  |
| 3)   | Tax matters          | 2            | 45.51  |
| <b>LITIGATION INVOLVING OUR PROMOTER</b>         |                      |              |  |
| <u>Cases Filed by Promoter:</u>                  |                      |              |  |
| 1)   | Civil Matter         | 1            | 2.99   |
| 2)   | Criminal Matter      | 1            | 52.59  |
| <u>Cases Filed against Our Promoter</u>          |                      |              |  |
| 1)   | Civil Matter         | 1            | 1.67   |
| <b>LITIGATION INVOLVING OUR DIRECTORS</b>        |                      |              |  |
| <u>Litigation matters against our Directors:</u> |                      |              |  |
| 1)   | Tax Matter           | -            | -  |
| 2)   | Criminal Matter      | -            | -  |
| <b>LITIGATION INVOLVING OUR SUBSIDIARIES</b>     |                      |              |  |
|  | Nil                  |              |  |
| <b>LITIGATION INVOLVING OUR GROUP ENTITIES</b>   |                      |              |  |
|  | Nil                  |              |  |

For details, kindly refer chapter titled “Outstanding Litigations and Material Developments” beginning on page 204 of the Red Herring Prospectus.

## RISK FACTORS

Please refer section titled “*Risk Factors*” on page no 22 of the Red Herring Prospectus.

## SUMMARY OF CONTINGENT LIABILITIES

Following is the summary of the Contingent Liabilities of the Company for the nine months ended December 31, 2022 and for financial year ending March 31, 2022, 2021 and 2020:

(Rs. in Lakhs)

| Particulars               | As at<br>December 31, | For the Year Ended March 31, |         |         |
|---------------------------|-----------------------|------------------------------|---------|---------|
|                           | 2022                  | 2021-22                      | 2020-21 | 2019-20 |
| Income Tax (A.Y. 2018-19) | 1.57                  | 1.57                         | 1.57    | -       |

| Beneficiary Name  | BG no.           | Start Date | End Date | Amount |
|---|------------------|------------|----------|--------|
| Balmer Lawrie & Company Limited                           | 0031NDDG00204222 | 31-03-22   | 31-03-23 | 69.75  |
| Railtel Corporation of India Limited                      | 6291NDDG00003721 | 14-08-20   | 14-05-23 | 101.89 |
| Karnataka Co-Operative Milk Producer's Federation Limited | 0031NDLG00069523 | 06-08-22   | 29-02-24 | 7.75   |

For further details, please refer to Note 34 – Capital Commitments & Contingent Liabilities of the chapter titled “Restated Financial Information of the Company” on page 145 of the Red Herring Prospectus

## SUMMARY OF RELATED PARTY TRANSACTIONS

Following is the summary of the related party transactions entered into by our Company for the nine months ended December 31, 2022 and for financial year ending March 31, 2022, 2021 and 2020:

| S. No.   | Particulars   | As at<br>December<br>31, 2022 | As at<br>March 31,<br>2022 | As at<br>March 31,<br>2021 | As at<br>March<br>31, 2020 |
|----------|---|-------------------------------|----------------------------|----------------------------|----------------------------|
| <b>1</b> | <b>a) Manpower Supply, Recruitment and related services</b> |                               |                            |                            |                            |
| (a)      | STM Consulting Inc  | 134.41                        | 133.92                     | 65.62                      | -                          |
| (b)      | Adjectus Services Pvt Ltd                                   | 57.97                         | -                          |                            |                            |
|          | <b>b) Sale of mobile phones</b>                             |                               |                            |                            |                            |
| (a)      | Adjectus Services Pvt Ltd                                   |                               | 0.06                       |                            |                            |
| <b>2</b> | <b>Interest Income</b>                                      |                               |                            |                            |                            |
| (a)      | STM Consulting Inc  | 5.98                          | 7.58                       | 4.27                       | -                          |
| <b>3</b> | <b>Director's Remuneration</b>                              |                               |                            |                            |                            |
| (a)      | Sidharth Agarwal  | 33.75                         | 45.00                      | 45.00                      | 42.00                      |
| (b)      | Vidur Gupta   | 33.75                         | 45.00                      | 45.00                      | 42.00                      |
| <b>4</b> | <b>Salary to relative of Key managerial personal</b>        |                               |                            |                            |                            |
| (a)      | Ankita Gupta  | 33.75                         | 45.00                      | 45.00                      | 18.00                      |
| (b)      | Deepika Gupta   | 33.75                         | 45.00                      | 45.00                      | 18.00                      |

## Closing Balances with Related Parties

| S. No.   | Particulars                       | As at<br>December<br>31, 2022 | As at<br>March 31,<br>2022 | As at<br>March 31,<br>2021 | As at<br>March<br>31, 2020 |
|----------|-----------------------------------|-------------------------------|----------------------------|----------------------------|----------------------------|
| <b>1</b> | <b>Short Term Borrowings</b>      |                               |                            |                            |                            |
| (a)      | Loan from Sidharth Agarwal        | 46.48                         | 360.50                     | -                          | 84.00                      |
| (b)      | Loan from Vidur Gupta             | 111.53                        | 369.00                     | -                          | 71.97                      |
| <b>2</b> | <b>Remuneration payable</b>       |                               |                            |                            |                            |
| (a)      | Sidharth Agarwal                  | 2.71                          | 2.66                       | 0.53                       | 1.00                       |
| (b)      | Vidur Gupta                       | 2.71                          | 2.66                       | 0.93                       | 1.91                       |
| <b>3</b> | <b>Salary Payable</b>             |                               |                            |                            |                            |
| (a)      | Ankita Gupta                      | 2.68                          | 2.65                       | 0.20                       | -                          |
| (b)      | Deepika Gupta                     | 2.68                          | 2.65                       | 0.42                       | -                          |
| <b>4</b> | <b>Other Current Liabilities</b>  |                               |                            |                            |                            |
| (a)      | Spectrum Talent Management        | -                             | 8.42                       | -                          | 4.50                       |
| (b)      | Credit Card- Sidharth Agarwal     | -                             | -                          | 2.47                       | -                          |
| (c)      | STM Management Consultancy, Dubai | -                             | -                          | -                          | -                          |
| <b>5</b> | <b>Trade receivables</b>          |                               |                            |                            |                            |
| (a)      | STM Consulting Inc                | -                             | -                          | 26.32                      | -                          |
| (b)      | Adjectus Services Private Ltd     | 44.31                         | 0.07                       | -                          | -                          |
| <b>6</b> | <b>Loans &amp; Advances</b>       |                               |                            |                            |                            |
| (a)      | STM Consulting Inc                | 84.81                         | 77.71                      | 77.38                      | -                          |
| (b)      | Adjectus Services Private Ltd     | -                             | 0.04                       | -                          | -                          |
| (c)      | Spectrum Talent Management        | 2.00                          |                            |                            |                            |

For details of Related Party Transactions entered into by our Company, please refer to the chapter titled “*Related Party Transactions*” beginning on 142 of this Red Herring Prospectus.

## DETAILS OF FINANCING ARRANGEMENTS

There are no financing arrangements whereby the Promoters, members of the Promoter group, the directors of our Company and their relatives 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 the period of six months immediately preceding the date of this Red Herring Prospectus.

## WEIGHTED AVERAGE COST OF ACQUISITION OF EQUITY SHARES BY OUR PROMOTERS

The weighted average cost of acquisition of Equity shares by our Promoters in the last one year which has been calculated by taking the average amount paid by them to acquire our Equity Shares, is as follows:

| Name of the Promoters | No. of Shares bought | Weighted Average Cost of Acquisition (in Rs.) |
|-----------------------|----------------------|---|
| Sidharth Agarwal      | 61,31,060            | Nil*  |
| Vidur Gupta           | 61,31,060            |   |

*\*Shares were acquired through conversion of preference shares into equity shares and bonus issue*

#### **AVERAGE COST OF ACQUISITION OF EQUITY SHARES BY OUR PROMOTERS**

The average cost of acquisition of Equity shares by our Promoters which has been calculated by taking the average amount paid by them to acquire our Equity Shares, is as follows:

| <b>Name of the Promoters</b> | <b>No. of Shares held</b> | <b>Average cost of Acquisition (in Rs.)</b> |
|------------------------------|---------------------------|---|
| Sidharth Agarwal             | 85,06,060                 | 0.03  |
| Vidur Gupta                  | 85,06,060                 | 0.03  |

#### **PRE-IPO PLACEMENT**

Our Company does not contemplate any pre-issuance or pre-placement of equity shares from the date of this Red Herring Prospectus till the listing of the equity shares.

#### **EQUITY SHARES ISSUED IN CONSIDERATION OTHER THAN CASH**

Except as disclosed in the chapter titled “*Capital Structure*” beginning on page 54 of the Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.

#### **SPLIT OR CONSOLIDATION OF EQUITY SHARES**

There has been no split or consolidation of equity shares in our Company in the last one year from the date of this Red Herring Prospectus.

## SECTION IV-INTRODUCTION

### OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue and an Offer for Sale.

#### Offer for Sale

The selling shareholders will be entitled to the proceeds of the Offer for Sale after deducting relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

#### Fresh Issue

##### Requirements of Funds

Our Company proposes to utilize the Net Proceeds towards funding of the following objects

- 1) Funding Working Capital Requirement;
- 2) Acquisitions of Businesses in similar or complementary areas
- 3) General Corporate Purposes
- 4) Offer Expenses.

Our Company believes that listing will enhance our Company's corporate image, brand name and create a public market for its Equity Shares in India. It will also make future financing easier and affordable in case of expansion or diversification of the business. Further, listing attracts interest of institutional investors as well as foreign institutional investors.

The main objects clause of our Memorandum enables our Company to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution.

#### Utilisation of Fresh Issue Proceeds

The proposed utilisation of the Fresh Issue Proceeds is set forth in the table below:

| (Rs. in lakhs)  |                  |
|---|------------------|
| Particulars   | Estimated Amount |
| Funding Working Capital Requirement                           | 7,400.00         |
| Acquisitions of Businesses in similar or complementary areas* | 150.00           |
| General Corporate Purposes*                                   | [●]              |
| Offer Expenses  | [●]              |

*The amount to be utilized for general corporate purposes and Acquisitions of Businesses in similar or complementary areas will not individually exceed 25.00% of the offer Proceeds, respectively and it shall not exceed 35.00% collectively of the offer Proceeds.*

**The requirements of the objects detailed above are intended to be funded from the Proceeds of the Issue. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance under Regulation 230(1)(e) and Clause 9 (C) of Part A of Schedule VI of SEBI (ICDR) Regulations, 2018 through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed public Issue or through existing identifiable internal accruals.**

**The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to**



**change in light of changes in external circumstances or costs, other financial conditions, business or strategy, as discussed further below.**

In case of variations in the actual utilization of funds allocated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt.

**We may have to revise our fund requirements and deployment as a result of changes in commercial and other external factors, which may not be within the control of our management. This may entail scheduling, revising or cancelling the fund requirements and increasing or decreasing the fund requirements for a particular purpose from its fund requirements mentioned below, at the discretion of our management. In case of any shortfall or cost overruns, we intend to meet our estimated expenditure from internal accruals and/or debt. In case of any such re-scheduling, it shall be made by compliance of the relevant provisions of the Companies Act, 2013.**

## **Details of Utilization of Issue Proceeds**

### **Working Capital Requirement**

The business model of the company is to earn revenue from various HR Services and as we are focusing to expand the current business on a fast growth stage, we are looking to add and increase the following in our various business lines:

**IT Staffing:** In the IT staffing business we deploy Information Technology (IT) talent with various customers and we employ the staff on our payroll. The usual credit period is 45 to 90 days. We are aggressively looking to invest in this business.

**General Staffing:** With the increased brand presence and recognition after the public issue, we will be targeting large manpower contracts which are all on credit of 30 to 60 days. This will build the bulk of our growth which result in significant increase in working capital

**Permanent Recruitment Services:** This is a one-time placement fee based model. When we build a new team here the process of receiving the first payment typically extends to 4 to 6 months. The process starts by hiring a team, then getting them work. It takes 2 to 3 weeks to get candidates selected and another 2 weeks for the offer to be released. Post this there is usually a notice period of 30 to 90 days for the candidates and we raise the invoice after the candidate joins for a payment within 30 to 90 days.

Further, as we are planning to expand the business this will require additional manpower to be hired. Therefore, as per the cycle explained above, the requirement of working capital will be high going forward to support the rise in scale of business.

The following is the historical & projected working capital requirement of the Company:

### **Basis of estimation of incremental working capital requirement**

**(Rs. in lakhs)**

| <b>Particulars</b>    | <b>2019-20<br/>(Audited)</b> | <b>2020-21<br/>(Audited)</b> | <b>2021-22<br/>(Audited)</b> | <b>Period<br/>Ended<br/>December<br/>31, 2022</b> | <b>2022-23<br/>(Estimated)</b> | <b>2023-24<br/>(Projected)</b> | <b>2024-25<br/>(Projected)</b> |
|-----------------------|------------------------------|------------------------------|------------------------------|---|--------------------------------|--------------------------------|--------------------------------|
| <b>Current Assets</b> |                              |                              |                              |   |                                |                                |                                |
| Investments           | -                            | 409.45                       | -                            | -   | -                              | -                              | -                              |
| Inventories           | -                            | -                            | 200.40                       | 174.10  | -                              | -                              | -                              |
| Receivables           | 2,020.19                     | 2,423.18                     | 3,919.40                     | 5,608.80  | 5,700.00                       | 9,500.00                       | 13,500.00                      |
| Cash & Equivalents    | 1,103.59                     | 666.21                       | 341.20                       | 252.20  | 467.30                         | 736.20                         | 1,091.20                       |
| Loans & Advances      | 164.60                       | 223.55                       | 528.70                       | 874.30  | 1,080.00                       | 1,830.00                       | 2,130.00                       |

| Particulars                      | 2019-20<br>(Audited) | 2020-21<br>(Audited) | 2021-22<br>(Audited) | Period<br>Ended<br>December<br>31, 2022 | 2022-23<br>(Estimated) | 2023-24<br>(Projected) | 2024-25<br>(Projected) |
|----------------------------------|----------------------|----------------------|----------------------|---|------------------------|------------------------|------------------------|
| Other Current Assets             | 517.56               | 470.24               | 723.60               | 791.20                                  | 690.00                 | 750.00                 | 750.00                 |
| <b>Total Current Assets</b>      | <b>3,805.94</b>      | <b>4,192.63</b>      | <b>5,713.30</b>      | <b>7,700.60</b>                         | <b>7,937.30</b>        | <b>12,816.20</b>       | <b>17,471.20</b>       |
| <b>Current Liabilities</b>       |                      |                      |                      |   |                        |                        |                        |
| Borrowings                       | 331.14               | 0.01                 | 992.50               | 237.90                                  | 320.00                 | 2,200.00               | 5,900.00               |
| Payables                         | 32.98                | 24.31                | 90.20                | 108.90                                  | 200.00                 | 250.00                 | 320.00                 |
| Other Current Liabilities        | 2,135.95             | 2,467.52             | 2,390.40             | 3,113.30                                | 2,510.50               | 3,427.70               | 3,830.00               |
| Short Term Provisions            | -                    | 1.59                 | 1.90                 | 2.00                                    | 8.30                   | 8.80                   | 21.20                  |
| <b>Total Current Liabilities</b> | <b>2,500.07</b>      | <b>2,493.43</b>      | <b>3,475.00</b>      | <b>3,462.10</b>                         | <b>3,038.80</b>        | <b>5,886.50</b>        | <b>10,071.20</b>       |
|                                  |                      |                      |                      |   |                        |                        |                        |
| <b>Net Working Capital</b>       | <b>1,305.87</b>      | <b>1,699.21</b>      | <b>2,238.30</b>      | <b>4,238.50</b>                         | <b>4,898.50</b>        | <b>6,929.70</b>        | <b>7,400.00</b>        |

\*As per report dated January 30, 2023 issued by VMSS & Associates, Chartered Accountants

The Chartered Accountants have provided no assurance or services related to any prospective financial information.

Our Company proposes to utilize ₹7,400.00 lakhs from the Fresh Issue Proceeds towards funding our incremental working capital requirements. In addition to the Net Proceeds, our Company expects that the funding pattern for working capital requirements for the financial years ended on March 31, 2024 and March 31, 2025 will comprise of working capital facilities and internal accruals.

Key assumptions for working capital projections made by our Company:

#### *Holding levels*

The details of the holding levels (with days rounded to the nearest whole number) for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 and period ended December 31, 2022 and the estimated holding levels (with days rounded to the nearest whole number) as projected for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025 are as under:

| Particulars                | Actuals                          |                                  |                                  | No. of Days<br>April-Dec 2022 |
|----------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------|
|                            | No. of days<br>for FY<br>2019-20 | No. of days<br>for FY<br>2020-21 | No. of days<br>for FY<br>2021-22 |                               |
| <b>Current Assets</b>      |                                  |                                  |                                  |                               |
| Trade Receivables          | 23                               | 30                               | 32                               | 36                            |
| <b>Current Liabilities</b> |                                  |                                  |                                  |                               |
| Trade Payables             | 0                                | 0                                | 1                                | 1                             |

| Particulars                | Projected                     |                               |                               |
|----------------------------|-------------------------------|-------------------------------|-------------------------------|
|                            | No. of days for FY<br>2022-23 | No. of days for<br>FY 2023-24 | No. of days for FY<br>2024-25 |
| <b>Current Assets</b>      |                               |                               |                               |
| Trade Receivables          | 27                            | 46                            | 47                            |
| <b>Current Liabilities</b> |                               |                               |                               |
| Trade Payables             | 1                             | 1                             | 1                             |

#### *Key Assumptions and Justification for holding levels:*

| Particulars              | Assumptions and Justifications   |
|--------------------------|--|
| <b>Trade Receivables</b> | We are looking at putting the business on a fast growth stage. There are multiple contracts in the industrial staffing space where the credit period is 45 days to 60 days which we have not been targeting till date. |

| Particulars    | Assumptions and Justifications  |
|----------------|---|
|                | We are looking to expand government and public sector business where we require to give bank guarantees to the tune of 3% of the overall contract value |
|                | We are targeting to scale up the IT staffing business where the regular credit period is 60 days  |
| Trade Payables | Trade payable have no change  |

#### Acquisitions of Businesses in Similar or Complementary Areas

Speed of growth is always vital to leveraging opportunities to their fullest. Human Resource Business have been rapidly changing and growing in the recent past. The Company management is actively working to identify acquisition targets that will further enhance or complement our ability to service our customers. A potential acquisition will give us the ability to bring additional offerings to our customers – hence take a bigger share of their wallet – and/ or enable us reach a new set of customers rapidly.

In compliance with the SEBI ICDR Regulations towards acquiring, the company envisages to utilize ₹150.00 lakhs from the IPO funds towards acquiring. This is going to be very vital for the company to grow rapidly in the coming years.

For the business growth, we have been working on both organic and inorganic means, we have been scouting for companies with similar business lines and synergies for acquisitions for the past 6 months and evaluated couple of available opportunities. Owing to various market dynamics and with our current size and scale, we are primarily opting for an IT Staffing space which could be providing services in either the Indian market or the US Market. But not limited for this specific nature of acquisition.

The reason for the acquisitions is that it takes time to grow teams to a mass where exponential growth can be achieved, and inorganic growth is the quickest way for us to achieve this mass. This would help the us achieve higher margins to the already existing scale of the General Staffing services which would be a healthy mix for the organization on the whole.

The focus will be to find the right mix basis the following parameters:

- Quality of customers
- The profile of the management team
- Brand and goodwill
- Current number of people in the internal team
- Current number of staff deployed to customers
- Margin profile
- Overall stability of growth numbers

As on the date of this Red Herring Prospectus, we are in active discussions and evaluating various strategic acquisitions, but we have not identified the potential acquisition targets and this amount will be finalized upon determination of the Acquisition amount. For further details, see “Risk Factors 19”. If we pursue strategic acquisitions or joint ventures, we may not be able to successfully consummate favourable transactions or successfully integrate acquired businesses. The deployment of the portion of the Net Proceeds towards our strategic acquisitions and investments may not take place within the period currently intended, and may be reduced or extended”.

#### General Corporate Purposes

The Net Proceeds will first be utilized for the Objects as set out above. Subject to this, our Company intends to deploy the balance Net Proceeds towards general corporate purposes and the business requirements of our Company, as approved by our Board, from time to time, subject to such utilisation for general corporate purposes not exceeding 25.00% of the Gross Proceeds from the Fresh Issue, in compliance with the SEBI ICDR Regulations.

Our Company will have the flexibility in applying ₹[●] Lakhs for general corporate purpose towards brand building exercises, financing normal capital expenditure, strategic initiatives, expanding into new geographies, preoperative expenses, funding routine working capital if any and strengthening our marketing capabilities. Our Management, in accordance with the policies of our Board, will have the flexibility in utilizing the proceeds earmarked for general corporate purposes.

### Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] lakhs. As per the letter dated May 20, 2023 between Selling Shareholder and Company, the Company has agreed to bear all the Offer related expenses. The expenses of this include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses, legal fees and listing fees. The estimated Offer expenses are as follows:

(₹ in Lakhs)

| Expenses  | Expenses<br>(Rs. in Lakh) | Expenses<br>(% of Total<br>Offer expenses) | Expenses<br>(% of Gross<br>Offer<br>Proceeds) |
|---|---------------------------|--|---|
| Lead Manger Fees including Underwriting Commission                            | [●]                       | [●]  | [●]   |
| Fees Payable to Registrar to the Offer  | [●]                       | [●]  | [●]   |
| Fees Payable Advertising, Marketing Expenses and Printing Expenses            | [●]                       | [●]  | [●]   |
| Fees Payable to Regulators including Stock Exchanges and other Intermediaries | [●]                       | [●]  | [●]   |
| Fees payable to Peer Review Auditor   | [●]                       | [●]  | [●]   |
| Fees Payable to Market Maker (for Two Years)                                  | [●]                       | [●]  | [●]   |
| Escrow Bank Fees  | [●]                       | [●]  | [●]   |
| <b>Total Estimated Offer Expenses</b>   | [●]                       | <b>100.00</b>                              | [●]   |

### Schedule of Implementation & Deployment of Funds

As estimated by our management, the entire proceeds from the Issue shall be utilized as follows:

(₹ in Lakhs)

| Particulars  | Total Funds | Amount incurred<br>till FY 2023-24 | Estimated Balance deployment till<br>FY 2024-25 |
|--|-------------|------------------------------------|---|
| Funding Working Capital Requirement#                         | 7,400.00    | [●]                                | [●]   |
| Acquisitions of Businesses in Similar or Complementary Areas | 150.00      | [●]                                | [●]   |
| General Corporate Purposes                                   | [●]         | [●]                                | [●]   |
| Offer Expenses*  | [●]         | 37.61                              | [●]   |

#As per report dated January 30, 2023 issued by VMSS & Associates, Chartered Accountants.

\*B. Chhawchharia, Chartered Accountants, Statutory Auditor have vide certificate dated May 22, 2023, confirmed that the Company has incurred a sum of Rs. 37.61 lakhs towards issue expenses.

The amount to be utilized for general corporate purposes and inorganic growth initiatives will not individually exceed 25.00% of the offer Proceeds, respectively and it shall not exceed 35.00% collectively of the offer Proceeds. Accordingly, we are in compliance with Regulation 230 (3) of the SEBI (ICDR) Regulations, 2018.

*Note: The funds raised from the Offer may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc., For further details on the use of the Offer Proceeds. The deployment of funds for the purposes described above is at the discretion of our Company's Board of Directors. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters, the Management will have significant flexibility in applying the proceeds received by our Company from the Offer, subject to provisions of applicable laws. Our Board of Directors will monitor the proceeds of this Offer.*

## **Means of Finance**

The entire requirement of funds towards the Objects will be met from the Net Proceeds. Accordingly, as required under the SEBI ICDR Regulations, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75.00% of the stated means of finance, excluding the amount to be raised from the Net Proceeds or through existing identifiable internal accruals.

## **Appraisal by Appraising Agency**

None of the Objects have been appraised by any bank or financial institution or any other independent third-party organization. The funding requirements of our Company and the deployment of the proceeds of the Issue are currently based on available management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

## **Interim Use of Funds**

Pending utilization for the purposes described above, our Company intends to invest the funds in with scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934. Our management, in accordance with the policies established by our Board of Directors from time to time, will deploy the Net Proceeds. Further, our Board of Directors hereby undertake that full recovery of the said interim investments shall be made without any sort of delay as and when need arises for utilization of process for the objects of the issue.

## **Bridge Financing Facilities**

Our Company has not raised any bridge loans or other financial arrangement from any bank or financial institution as on the date of this Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending on business exigencies, our Company may consider raising bridge financing for the Net Proceeds for Object of Offer.

## **Monitoring Utilization of Funds**

As the Net Proceeds of the Issue will be less than Rs. 10,000 Lakhs, under Regulation 262 of SEBI (ICDR) Regulations, 2018 it is not mandatory for us to appoint a monitoring agency. Although, the Board in consultation with the BRLM has appointed ICRA Limited as the Monitoring Agency for monitoring the utilization of Fresh Issue.

Pursuant to Regulation 32 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

No part of the Issue Proceeds will be paid by our Company as consideration to our Promoters, our Directors, Key Management Personnel or companies promoted by the Promoters, except as may be required in the usual course of business and for working capital requirements.

## **Variation in Objects**

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Initial Public Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through a postal ballot. Further, pursuant to Regulation 32 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. In addition, the notice issued to

the Shareholders in relation to the passing of such special resolution (“Postal Ballot Notice”) shall specify the prescribed details as required under the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such shareholders who do not agree to the above stated proposal, at a price as may be prescribed by SEBI, in this regard.

#### **Special Tax Benefits**

No special tax benefit is available to our Company and our shareholders under the applicable tax laws in India. For further details, please refer the “*Statement of Tax benefits*” on page no. 74**Error! Bookmark not defined.** of the Red Herring Prospectus.

#### **Other Confirmations**

There are no material existing or anticipated transactions with our Promoters, our Directors, our Company’s key Managerial personnel and Group Companies, in relation to the utilization of the Net Proceeds. No part of the Issue Proceeds will be paid by our Company as consideration to our Promoters, our Directors, Key Management Personnel or company promoted by the Promoter, except as may be required in the usual course of business.