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ANNEXURE III

August 4, 2023

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot C4-A, G Block
Bandra Kurla Complex Bandra (East)
Mumbai 400 051 Maharashtra, India

Dear Sir/ Madam,

Re: Initial public offering of up to 2,41,30,000 equity shares of face value of ₹ 10 each (“Equity Shares”) of BLS E-Services Limited (“Company”) (the “Issue”) aggregating up to ₹ [●] lakhs by the Company.

We, Unistone Capital Private Limited, as the Book Running Lead Manager (“BRLM”) to the above-mentioned Issue, state and confirm as follows:

1. We have examined various documents including those relating to litigation, including commercial disputes, patent disputes, disputes with collaborators etc. and other material while finalising the draft red herring prospectus dated August 4, 2023 (“DRHP”) pertaining to the Issue. **Complied with to the extent applicable.**
2. On the basis of such examination and discussions with the Company, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of the Issue, price justification, contents of the documents and other papers furnished by the Company, we confirm that:
 - (A) the DRHP filed with the Securities and Exchange Board of India (“SEBI”) is in conformity with the documents, materials and papers which are material to the Issue;
 - (B) all material legal requirements relating to the Issue as specified by SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
 - (C) the material disclosures made in the DRHP are true and adequate to enable the investors to make a well informed decision as to the investment in the proposed Issue and such disclosures are in accordance with the requirements of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”) and other applicable legal requirements.
3. Besides ourselves, all the intermediaries named in the DRHP are registered with SEBI and till date such registration is valid. **Complied with and noted for compliance.**
4. We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. **Noted for compliance.**



UNISTONE CAPITAL PRIVATE LIMITED

CIN - U65999MH2019PTC330850



Registered Office : A/305, Dynasty Business Park,
Andheri Kurla Road, Andheri East, Mumbai - 400059.



Admin Office: 14th & 15th Floor, Dhukka Chambers,
Poddar Road, Malad (E), Mumbai - 400097.



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5. Written consent from the Promoter has been obtained for inclusion of its Equity Shares as part of the Promoter's contribution subject to lock-in and the Equity Shares proposed to form part of the Promoter's contribution subject to lock-in shall not be disposed or sold or transferred by the Promoter during the period starting from the date of filing of the DRHP with the SEBI till the date of commencement of lock-in period as stated in the DRHP. **Complied with and noted for compliance.**
6. All applicable provisions of the SEBI ICDR Regulations, which relates to Equity Shares ineligible for computation of Promoters' contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the DRHP. **Complied with and noted for compliance.**
7. All applicable provisions of the SEBI ICDR Regulations which relate to receipt of promoters' contribution prior to opening of the Issue, shall be complied with. Arrangements have been made to ensure that promoters' contribution shall be received at least one day before the opening of the issue and that the auditors' certificate to this effect shall be duly submitted to SEBI. We further confirm that arrangements have been made to ensure that promoters' contribution shall be kept in an escrow account with a scheduled commercial bank and shall be released to the company along with the proceeds of the Issue. **Not applicable.**
8. Necessary arrangements shall be made to ensure that the monies received pursuant to the Issue are credited or transferred to in a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 and that such monies shall be released by the said bank only after permission is obtained from the Stock Exchanges, and that the agreement entered into between the bankers to the Issue, the Company specifically contains this condition. **Noted for compliance.**
9. The existing business as well as any new business of the Company for which the funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association. **Complied with to the extent applicable.**
10. Following disclosures have been made in the DRHP:
 - (a) An undertaking from the Company that at any given time, there shall be only one denomination for the equity shares of the Company, excluding SR equity shares, where the Company has outstanding SR equity shares; and **Complied with to the extent applicable and noted for compliance. There are no SR equity shares issued by the Company.**
 - (b) An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by the SEBI. **Complied with to the extent applicable and noted for compliance.**
11. We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. **Noted for compliance.**
12. If applicable, the entity is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of the SEBI ICDR Regulations. **Not applicable.**





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ANNEXURE IIIA

Due Diligence Process Note

We, the BRLM, have carried out due diligence exercise on the Company for the purposes of complying with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and other applicable laws, and to the extent that it is customary for initial public offerings of this nature in India. All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the Draft Red Herring Prospectus dated August 4, 2023 (“**DRHP**”).

The due diligence process carried out by us and the Legal Counsel (defined below) commenced with interactions with the Directors, Key Managerial Personnel and Senior Management of the Company to gain an understanding of the business of the Company, financial overview, key risks involved and the background of the Promoter amongst other matters. In this regard, we provided the Company with due diligence questionnaires and information requisition lists prepared in consultation with the Legal Counsel (defined below). In response to the questionnaires and the information requisition lists, the Company provided us with supporting documents for review and diligence and gave us clarifications and explanations for our queries.

In the due diligence process, the Company was assisted by the Legal Counsel (defined below) and the Statutory Auditors (defined below). In this regard, Dentons Link Legal, legal counsel to the Issue has assisted the BRLM in carrying out the due diligence and drafting of the draft red herring prospectus dated August 4, 2023 (“**Draft Red Herring Prospectus**” or “**DRHP**”) in compliance with the SEBI ICDR Regulations and advising the BRLM and the Company on other legal matters, in relation to the Issue.

We were also assisted by the statutory auditors of the Company, S. S. Kothari Mehta & Company, Chartered Accountants (“**Statutory Auditors**”) of the Company for the financial due diligence. In addition to the Restated Consolidated Financial Information, the Statutory Auditors have provided a statement of special tax benefits available to the Company and its Shareholders, average cost of acquisition of Equity Shares and weighted average price at which Equity Shares were acquired by the Promoters, and weighted average cost of acquisition of all Equity Shares transacted in the last three years, 18 months and one year prior to the date of filing the DRHP of all Shareholders, compliance with corporate governance requirements by the Company, details of any amounts outstanding to micro, small and medium enterprises and other creditors of the Company and have verified details and provided certifications with respect to certain other information included in the DRHP. Additionally, the BRLM has also relied on certificates by (i) M/s MRKS and Associates, Chartered Accountants, independent chartered accountants, in respect of the additional financial due diligence (“**Independent Chartered Accountant**”) who have verified and provided certifications with respect to certain information included in the DRHP, including, *inter-alia*, amounts outstanding against borrowings of the Company and the key performance indicators of the Company included in the section titled, “*Basis for Issue Price*” of the DRHP. The Independent Chartered Accountant has also confirmed to us that all related party transactions have, unless otherwise disclosed in the Restated Consolidated Financial Information, been entered into in accordance with applicable laws, on an arm’s length basis and (ii) Chetan Sharma & Associates, Chartered Engineer, in respect of certification of information relating to upgradation and renovation works at BLS Stores, as included in the Draft Red Herring Prospectus.



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Both, the Statutory Auditors and the Independent Chartered Accountant have respectively confirmed that as on the date of the DRHP they hold valid peer review certificates issued by the peer review board of the Institute of Chartered Accountants of India. The Statutory Auditors and the Independent Chartered Accountant have consented to be named as experts, in terms of the Companies Act, 2013, as amended, in the DRHP and such consent has not been withdrawn as at the date of filing of the DRHP with the SEBI.

The Company has also placed reliance on the report titled “*Assessment of Business Correspondents, E-Governance and other Digital services in India*” dated July, 2023, which has been commissioned and paid for by the Company by them and issued by CRISIL Limited (“**CRISIL**” and such report, the “**CRISIL Report**”) for disclosures in relation to industry information in the DRHP. Further, the Company has received a written consent from CRISIL Limited dated July 27, 2023 to include extracts of the CRISIL Report in the DRHP, Red Herring Prospectus and Prospectus.

1. **Business and Commercial Diligence**

The due diligence process in relation to general business and commercial matters included:

- (a) Organizing and attending a virtual kick-off discussion with the Company to develop an understanding of the business, industry, history, the regulatory environment, and other matters of the Company. The discussion was attended by the senior management of the Company along with the Legal Counsel, representatives of the BRLM and the Statutory Auditors. A broad overview of the business of the Company, industry in which it operates, regulatory framework with respect to the business, the corporate structure, the capital structure, and financial statements, its shareholding pattern and details of the Promoter was presented to us and the Legal Counsel followed by detailed interactive discussions.
- (b) Regularly interacting with the senior management of the Company, including the representatives of the Promoter, the senior personnel from the secretarial and finance departments such as the Company Secretary and Compliance Officer and the Chief Financial Officer, for the purpose of understanding the business, the risks involved and the financial overview of the Company, amongst other matters. The Statutory Auditors had also participated in some of these discussions. These interactions included (i) due diligence calls, virtual and physical drafting sessions and conference calls to discuss the disclosures in the DRHP; (ii) due diligence calls with the Statutory Auditors; (iii) seeking appropriate clarifications from the Company and the Independent Chartered Accountant for key operational data, operational data and other information; (iv) due diligence call to receive updated information from the Company before filing the DRHP; (v) interactions with CRISIL Limited along with a due diligence call with CRISIL Limited, who the Company has commissioned to prepare a report about the industry it operates in; and (vii) seeking appropriate certifications from the Company, Directors, Key Managerial Personnel, Senior Management, Promoter, Promoter Group, Subsidiaries, Group Companies, the Statutory Auditors, the Independent Chartered Accountants and Practicing Company Secretary. We expect these interactions and due diligence calls to continue until the closure of the Issue;
- (c) Requesting the Company to make available the due diligence documents and reviewing those documents along with the Legal Counsel, based on the requirements under the SEBI ICDR Regulations and other applicable laws, as is customary in such transactions. Assisting the Company to make available due diligence documents in a virtual data room or share through





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e-mails and reviewing those documents along with the Legal Counsel, to comply with the diligence requirements as stipulated under the SEBI ICDR Regulations, and the other applicable laws, as is customary in such transactions;

- (d) Interactions with the Key Managerial Personnel, Senior Management and other senior personnel of the Company to understand the Company's day to day operations, key business processes and to verify the disclosures being made in the DRHP and the BRLM also conducted a virtual site visit to the Corporate Office of the Company;
- (e) Obtaining and relying on certificates and formal representations and undertakings from the Company, Directors, Promoter, members of the Promoter Group, Subsidiaries, Group Companies, Key Managerial Personnel, Members of the Senior Management, the Statutory Auditors, the Previous Auditors the Independent Chartered Accountant and Practicing Company Secretary in support of certain disclosures included in the DRHP;
- (f) Assisting the Company in obtaining an industry report from CRISIL for disclosures in the sections entitled "*Summary of this Draft Red Herring Prospectus*", "*Risk Factors*", "*Industry Overview*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Our Business*" in the DRHP. Further, we coordinated with the Company to ensure that necessary consent was obtained from CRISIL to disclose the contents of the CRISIL Report in the DRHP;
- (g) Reviewing, together with the Legal Counsel, certain material business related agreements entered into by the Company. Where such agreements were large in number and standard in form, we have carried out our review on a sample basis to verify the disclosures made in this regard in the DRHP;
- (h) For certain information, relying on management certificates from the Company for compliance with the SEBI ICDR Regulations; and
- (i) Obtaining circle-ups and certificates from the Statutory Auditors and Independent Chartered Accountant on certain financial information, operational data and/ or other information included in the DRHP, including details of the amounts outstanding dues (trade payables) owed to micro, small and medium enterprises (as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors of the Company, non-payment of statutory dues by the Company, compliance with corporate governance requirements by the Company, among others, as applicable.

2. *Financial Information of the Company and Financial Indebtedness*

We conducted due diligence on financial matters, which included interactions and due diligence calls with the Statutory Auditors, discussions with the finance department of the Company, review of the auditors' examination report and other related documents. The Statutory Auditors provided the restated financial statements of the Company, which comprises the restated statement of assets and liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021, the restated statements of profit and loss (including other comprehensive income); the restated statement of changes in equity; the restated statement of cash flows for Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021 and the summary statement of significant accounting policies, and other





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explanatory information prepared in terms of the requirements of Section 26 of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time. Additionally, the audited financial statements of the Company for Fiscals 2023, 2022 and 2021, are available at <http://blseservices.com/financial-reports.php>.

We reviewed the certifications and circle-up confirmations received from the Statutory Auditors and Independent Chartered Accountants with respect to certain financial information included in the DRHP. Further, we have reviewed the Statutory Auditors' reports and obtained certifications with respect to certain financial information included in the DRHP from the Statutory Auditors and the Independent Chartered Accountants. The Statutory Auditors have delivered the customary comfort letters along with circle-up confirmation to the BRLM for the accuracy of the financial information contained in the DRHP. Such comfort letters will be re-issued or brought down at certain future dates as the Issue progresses prior to the filing of the RHP, the Prospectus and the Allotment of Equity Shares in the Issue.

In relation to the information disclosed in summarized form in the section entitled "*Financial Indebtedness*" of the DRHP, the relevant sanction letters issued by the lenders as well as other financing related documents were made available. The BRLM have also relied on a certificate from M/s MRKS and Associates, Chartered Accountants, to ascertain break-up of the outstanding borrowings of the Company as of June 30, 2023, as disclosed in the section entitled "*Financial Indebtedness*" of the DRHP.

We have received the certificate provided by the Statutory Auditor of the Company, on computation of the Company's net worth, operating profit/loss and net tangible assets, each based on financial information for Fiscals 2023, 2022 and 2021, to assess eligibility of the Company to assess the eligibility of the Company to undertake the Issue under Regulation 6(2) of the SEBI ICDR Regulations

3. *Key Performance Indicators*

The key performance indicators have been approved by the Audit Committee of the Company pursuant to its resolution dated August 4, 2023, as required under the SEBI ICDR Regulations. Such key performance indicators have been certified by M/s MRKS and Associates, Chartered Accountants, an independent peer reviewed chartered accountant firm. The Company shall continue to disclose such key performance indicators as disclosed in the section titled "*Basis for Issue Price*" section of the DRHP, on a periodic basis, at least once in a year (or for any lesser period as determined by the Company), for a duration of one year after the date of listing of the Equity Shares, or for such other period as may be required under the SEBI ICDR Regulations. Such key performance indicators disclosed by the Company shall continue to be certified in accordance with the SEBI ICDR Regulations.

4. *Outstanding Litigation Proceedings and Material Creditors*

The Company has disclosed outstanding litigations, if any, involving the Company, Promoter, Directors, Subsidiaries and Group Companies in accordance with the legal requirements under the SEBI ICDR Regulations. Disclosures on outstanding litigation and material creditors have been made as per the Materiality Policy adopted by the Company's Board of Directors in the section





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titled '*Outstanding Litigation and Material Developments*' of the DRHP. The Company has provided a list of outstanding litigations involving the Company, Promoters, Directors, Subsidiaries and Group Companies and supporting documents for material proceedings involving the Company, the materiality of which has been determined based on the Materiality Policy. Further, we, along with Legal Counsel, have interacted with the relevant representatives of the Company. Further, there are no disciplinary action including penalties imposed by the SEBI or Stock Exchanges against our Promoter in the last five Fiscals including outstanding action.

In compliance with the SEBI ICDR Regulations, the Board of Directors have formulated a policy on material litigations and outstanding dues to micro, small or a medium enterprises and other creditors, pursuant to a resolution dated July 10, 2023. Following are the details of such policy:

The Company has considered as "material" each such case:

- i. The aggregate monetary amount of claim made by or against the Relevant Parties in any such pending proceeding exceeds ₹ 20.33 lakhs, being 1% of the profit after tax of the Company (on a consolidated basis), as per the latest fiscal year covered in the Restated Consolidated Financial Information; or
- ii. the outcome of such litigation, irrespective of any amount involved in such litigation or wherein a monetary liability is not quantifiable, could have a material adverse effect on the financial position, business, operations, performance, prospects or reputation of the Company or its Subsidiaries, as applicable; or
- iii. the decision in such litigation is likely to affect the decision in similar litigations, and the aggregate monetary claim amount in all such litigation / arbitration proceedings is equal to or in excess of threshold set forth above even though the amount involved in an individual litigation may not exceed the threshold set forth in (i) above.

Pre-litigation notices received by the Relevant Parties or Group Companies from third parties (excluding those notices issued by statutory/regulatory/ governmental/ tax authorities) have not been, unless otherwise decided by the Board, considered as an outstanding litigation for the purposes of point (iv) above, until such time such party is impleaded as a defendant or respondent in litigations before any legal/arbitral forum.

In terms of the Materiality Policy, the Company has considered such creditors 'material' to whom the amount due is equal to or in excess of 5% of the trade payables of the Company as at the end of the latest period covered in the Restated Consolidated Financial Information. The trade payables of the Company as on March 31, 2023 was ₹ 249.18 lakhs. Accordingly, a creditor has been considered 'material' if the amount due to such creditor exceeds ₹ 12.46 lakhs (being 5% of the total trade payables) as on March 31, 2023. Further, for outstanding dues to any party which is a micro, small or a medium enterprise ("MSME"), the disclosure is based on information available with the Company regarding status of the creditor under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

5. ***Promoter, Promoter Group, Subsidiaries, Group Companies, Directors, Key Managerial Personnel, Senior Management of the Company***





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For the purposes of making certain disclosures with respect to the Promoter, the Promoter Group, Group Companies, Subsidiaries, Directors, the Key Managerial Personnel and Senior Management of the Company, in the DRHP, we have obtained supporting documents, consents and certifications from the relevant entities/ persons.

For the purposes of disclosure of the educational qualifications and professional experience of Directors, Key Managerial Personnel and Senior Management of the Company, we have relied on relevant transcripts, degree certificates, experience certificates, MCA information for directorships, and appointment letters issued by previous and current employers and other back-up documents.

The Group Company has been identified in accordance with the definition provided under the SEBI ICDR Regulations, as a company (other than promoter and subsidiaries) with which there were related party transactions during the last three financial years, which is the period for which financial information

is disclosed in the DRHP, as covered under the applicable accounting standards, which and has been identified pursuant to a resolution of the Board of Directors dated July 10, 2023.

We have received confirmations from the Company, Directors, Promoter and members of the Promoter Group stating that they are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. We have also received confirmations from the Company, Promoter or Directors they are not wilful defaulters or fraudulent borrowers as defined under the SEBI ICDR Regulations. Further, confirmations have been taken from Directors that (a) they are not directors on the board of other listed companies whose shares have been / were suspended from being traded on any stock exchange during the period of five years before the date of the DRHP during his/her tenure, and (b) that they are not currently or were previously on the board of a listed company whose shares have been or were delisted from being traded on any stock exchange during his/her tenure. Additionally, we have obtained confirmations from the Directors that they have not been declared as Fugitive Economic Offenders. Confirmations have also been obtained from the Company, Promoter, members of the Promoter Group in respect of their compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent in force and applicable in relation to the Company, as on the date of the DRHP.

6. *Statutory and/or Regulatory and Other Diligence*

In connection with diligence of statutory and regulatory matters, we have, with the assistance of the Legal Counsel, interacted with the officials of the Company to understand the various approvals that are necessary by the Company to carry out their respective business, followed by a review of relevant statutory and regulatory records of the Company, including, among other things, relevant corporate records, approvals, and filings made by the Company with various statutory and regulatory authorities.

For the purposes of diligence of approvals required by the Company for their businesses, we have relied on the list of material licenses, approvals and registrations of Company, identified by the Company, and reviewed such material licenses, approvals and registrations, copies of which were provided by the Company. We along with the Legal Counsel have also reviewed material licenses, approvals, and registrations applied for or received by the Company, and other material agreements executed by, or in relation to, the Company, and such other documents as we have deemed





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necessary and as have been provided to us by the Company, from time to time. In addition, due diligence for material approvals required by the branches of the Company was also conducted on a sample basis. Further we have also relied on certifications provided by the Company, in connection with such statutory and/or regulatory matters.

7. Industry Information

We have relied on industry and market data derived from the CRISIL Report, which report has been commissioned and paid for by the Company for the purposes of confirming its understanding of the industry in connection with the Issue. Certain information contained in certain sections of the DRHP, including “*Summary of this Draft Red Herring Prospectus*”, “*Risk Factors*”, “*Industry Overview*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Our Business*”, have been included from the CRISIL Report.

8. Objects of the Issue

The objects of the Fresh Issue to utilize the Net Proceeds from the Fresh Issue towards (i) Strengthening our technology infrastructure to develop new capabilities and consolidating our existing platforms; (ii) Funding initiatives for organic growth by setting up of BLS Stores; (iii) Achieving inorganic growth through acquisitions and General Corporate Purpose.

The details of the same have been disclosed in accordance with the requirements of the SEBI ICDR Regulations.

Brijesh
Jitendra
Parekh

Digitally signed by Brijesh Jitendra Parekh
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