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TAC INFOSEC LIMITED

Corporate Identification Number: U72900PB2016PLC045575

Our Company was originally incorporated as 'TAC Infosec Private Limited' as a Private Limited Company, under the provisions of the Companies Act, 2013 vide Certificate of Incorporation dated August 01, 2016, issued by the Registrar of Companies, Central Registration Centre. Subsequently, pursuant to a special resolution passed by our Shareholders in the Extra-Ordinary General Meeting held on December 14, 2023, our Company was converted from a private limited company to public limited company and consequently, the name of our Company was changed from 'TAC Infosec Private Limited' to 'TAC Infosec Limited' and a fresh certificate of incorporation dated December 29, 2023 was issued to our Company by the Registrar of Companies-Chandigarh. The Corporate Identification Number of our Company is U72900PB2016PLC045575.

Registered Office: 8th Floor, Plot No. C-203, Industrial Focal Point, Phase 8B, Balongi, Rupnagar, S.A.S.Nagar, Mohali – 160055, Punjab, India

Corporate Office: 91 Springboard, Kagalwala House, 01st Floor, C Block, 175, CST Road, Kalina, Santacruz East, Mumbai, Maharashtra, India, 400098

Website: www.tacsecurity.com; **E-Mail:** company.secretary@tacsecurity.com; **Telephone No:** +91 9988850821

Company Secretary and Compliance Officer: Ms. Sharon Arora

PROMOTERS OF OUR COMPANY: MR. TRISHNEET ARORA AND MR. CHARANJIT SINGH

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS: NOTICE TO THE INVESTORS ("THE ADDENDUM")

INITIAL PUBLIC ISSUE OF UPTO 2829600 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH OF TAC INFOSEC LIMITED ("TIL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●]/- PER EQUITY SHARE (THE "ISSUE PRICE") AGGREGATING TO ₹ [●] LAKHS ("THE ISSUE"), OF WHICH [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●]/- PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. NET ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●]/- PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 27.00% AND [●], RESPECTIVELY, OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM ADVERTISED IN [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND [●] EDITION OF [●] CIRCULATED HINDI NATIONAL DAILY NEWSPAPER. AND CHANDIGARH/MOHLI EDITION OF [●] REGIONAL NEWSPAPER (PUNJABI REGIONAL LANGUAGE OF CHANDIGARH/MOHALI WHERE OUR REGISTERED OFFICE IS LOCATED). AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED "NSE") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE.

Potential Bidders may note the following:

- Under the heading titled "Risk Factor" beginning from page 27 of the Draft Red Herring Prospectus, certain risk factors shall be amended and/ or updated and/ or added, as provided beginning on page 2 of the Addendum to Draft Red Herring Prospectus
- Under the heading titled "Objects of the Issue" beginning from page 72 of the Draft Red Herring Prospectus and accordingly, certain information shall be amended and/ or updated and/ or added, as provided beginning on page 8 of the Addendum to Draft Red Herring Prospectus.
- Under the heading titled "Business Overview" beginning from page 106 of the Draft Red Herring Prospectus and accordingly, certain information shall be amended and/ or updated and/ or added, as provided beginning on page 15 of the Addendum to Draft Red Herring Prospectus.
- Under the heading titled "Our Promoters and Promoters Group" beginning from page 155 of the Draft Red Herring Prospectus and accordingly, certain information shall be amended and/ or updated and/ or added, as provided beginning on page 17 of the Addendum to Draft Red Herring Prospectus.
- Under the heading titled "Other Information" beginning from page 251 of the Draft Red Herring Prospectus and accordingly, certain information shall be amended and/ or updated and/ or added, as provided beginning on page 19 of the Addendum to Draft Red Herring Prospectus.

The above addition and /or amendments are to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Red Herring Prospectus, as and when filed with the ROC, the SEBI and the Stock Exchange. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus

The Addendum is filed with NSE and shall be made the respective websites NSE i.e. www.nseindia.com ; Book Running Lead Manager at www.beelinemb.com and the Issuer Company at: www.tacsecurity.com

All capitalised terms used in the Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

On behalf of TAC Infosec Limited

Sd/-

Mr. Trishneet Arora

Chairman, Executive Director and CEO

Place: Chandigarh

Date: March 05, 2024

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
	
BEELINE CAPITAL ADVISORS PRIVATE LIMITED SEBI Registration Number: INM000012917 Address: B 1311-1314 Thirteenth Floor Shilp Corporate Park, Rajpath Rangoli Road Thaltej Ahmedabad Gujarat 380054 India. Telephone Number: +91 79 4918 5784 Email Id: mb@beelinemb.com Investors Grievance Id: ig@beelinemb.com Website: www.beelinemb.com Contact Person: Mr. Nikhil Shah CIN: U67190GJ2020PTC114322	SKYLINE FINANCIAL SERVICES PRIVATE LIMITED SEBI Registration Number: INR000003241 Address: D-153A, 1 st Floor, Okhla Industrial Area Phase-I, New Delhi – 110020, India. Tel. Number: 011-40450193-197 Fax- 011-26812683 Email Id: Ipo@skylinerta.com Investors Grievance Id: grievances@skylinerta.com Website: www.skylinerta.com Contact Person: Mr. Anuj Rana CIN: U74899DL1995PTC071324

TAC Infosec Limited is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has been filed the Draft Red Herring Prospectus dated January 22, 2023 with NSE. The Draft Red Herring Prospectus and the Addendum to the Draft Red Herring Prospectus shall be available on the respective websites NSE i.e. www.nseindia.com; Book Running Lead Manager at www.beelinemb.com and the Issuer Company at: www.tacsecurity.com. Potential Applicants/Bidders should note that investment in equity shares involves a high degree of risk and details relating to such risk, please see the section entitled "Risk Factors" beginning on page 27 of the Draft Red Herring Prospectus. Potential Applicants/Bidders should not reply on the Draft Red Herring Prospectus filed with NSE for making any investment decision.

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RISK FACTORS

a) **Existing Risk Factor No. 15 has been updated as follows and renumbered as Risk Factor No. 16**

16. We have entered into a number of related party transactions and may continue to enter into such transactions under AS 18, in the future, and there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties.

We have, in the past, entered into related party transactions with various parties. A summary statement of the related party transactions is as follows:

(₹ In Lakhs)

Name of Party	Nature of Relation	Nature of Transaction	Amount outstanding as on 30.09.2023 Payable/ (Receivable)	Amount of Transaction debited from Apr 23 to Sep 23	Amount of Transaction credited from Apr 23 to Sep 23
Trishneet Arora	Director	Remuneration	(7.44)	19.56	27.00
		Other Reimbursement	7.11	0.45	0.45
Charanjit Singh	Director	Remuneration	-	4.8	4.8
		Advances for Expenses	(34.46)	22.95	16.5
Avneet Singh	Relative of Director	Advances for Expenses	(3.99)	4.08	-
Bharat Panchal	Director	Salary	-	4.00	4.00
TAC Security Inc (New Mexico)	Entity in which Relative of Director Have significant Influence	Sales	-	-	-
Liberal TV Private Limited	Erstwhile it was an Entity in which Relative of Director had significant Influence	Advances for Expenses	2.17	6.53	34.96
Oneiric Gaming Private Limited	Entity in which Relative of Director Have significant Influence	Advances for Expenses	(0.48)	0.05	-
Tac Security Private Limited	Entity in which Relative of Director Have significant Influence	Payables	(3.07)	4.51	-

Name of Party	Nature of Relation	Nature of Transaction	Amount outstanding as on 31.03.2023 Payable/ (Receivable)	Amount of Transaction debited from Apr 22 to Mar 23	Amount of Transaction credited from Apr 22 to Mar 23
Trishneet Arora	Director	Remuneration	-	54.00	54.00
		Other Reimbursement	7.11	8.36	7.09
Charanjit Singh	Director	Remuneration	-	9.60	9.60
		Advances for Expenses	28.24	29.08	-
Avneet Singh	Relative of Director	Advances for Expenses	0.09	2.54	-
Bharat Panchal	Director	Salary	-	-	-
TAC Security Inc (New Mexico)	Entity in which Relative of Director Have significant Influence	Sales	-	-	-
Liberal TV Private Limited	Erstwhile it was an Entity in which Relative of Director had significant Influence	Advances for Expenses	26.26	34.96	8.70
Oneiric Gaming Private Limited	Entity in which Relative of Director Have significant Influence	Advances for Expenses	0.43	0.43	-
Tac Security Private Limited	Entity in which Relative of Director Have significant Influence	Payables	1.44	257.33	254.55

Name of Party	Nature of Relation	Nature of Transaction	Amount outstanding as on 31.03.2022 Payable/ (Receivable)	Amount of Transaction debited from Apr 21 to Mar 22	Amount of Transaction credited from Apr 21 to Mar 22
Trishneet Arora	Director	Remuneration	-	12.00	12.00
		Other Reimbursement	- 5.83	25.05	19.22
Charanjit Singh	Director	Remuneration	-	9.60	9.60

Name of Party	Nature of Relation	Nature of Transaction	Amount outstanding as on 31.03.2022 Payable/ (Receivable)	Amount of Transaction debited from Apr 21 to Mar 22	Amount of Transaction credited from Apr 21 to Mar 22
		Advances for Expenses	0.84	1.20	2.04
Avneet Singh	Relative of Director	Advances for Expenses	2.63	4.30	-
Bharat Panchal	Director	Salary	0.00	0.00	0.00
TAC Security Inc (New Mexico)	Entity in which Relative of Director Have significant Influence	Sales	-25.47	172.05	148.96
Liberal TV Private Limited	Erstwhile it was an Entity in which Relative of Director had significant Influence	Advances for Expenses	8.01	41.89	49.90
Oneiric Gaming Private Limited	Entity in which Relative of Director Have significant Influence	Advances for Expenses	-	-	-
Tac Security Private Limited	Entity in which Relative of Director Have significant Influence	Payables	4.21	3.40	5.17

Name of Party	Nature of Relation	Nature of Transaction	Amount outstanding as on 31.03.2021 Payable/ (Receivable)	Amount of Transaction debited from Apr 20 to Mar 21	Amount of Transaction credited from Apr 20 to Mar 21
Trishneet Arora	Director	Remuneration	-	26.96	26.96
		Other Reimbursement	-	23.15	23.15
Charanjit Singh	Director	Remuneration	-	9.60	9.60
		Advances for Expenses	- 3.71	13.02	9.31
Avneet Singh	Relative of Director	Advances for Expenses	6.93	4.78	11.71
Bharat Panchal	Director	Salary	0.00	0.00	0.00

Name of Party	Nature of Relation	Nature of Transaction	Amount outstanding as on 31.03.2021 Payable/ (Receivable)	Amount of Transaction debited from Apr 20 to Mar 21	Amount of Transaction credited from Apr 20 to Mar 21
TAC Security Inc (New Mexico)	Entity in which Relative of Director Have significant Influence	Sales	(2.38)	202.93	211.41
Liberal TV Private Limited	Erstwhile it was an Entity in which Relative of Director had significant Influence	Advances for Expenses	-	-	-
Oneiric Gaming Private Limited	Entity in which Relative of Director Have significant Influence	Advances for Expenses	-	-	-
Tac Security Private Limited	Entity in which Relative of Director Have significant Influence	Payables	2.44	30.01	32.45

While we believe that our past related party transactions have been conducted on an arm's length basis and are in accordance with the provisions of the Companies Act, 2013 and other applicable laws, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. Although all related-party transactions that we may enter into in the future are subject to approval by our Audit Committee, Board or shareholders, as required under the Companies Act, there can be no assurance to you that such transactions in the future or any other future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, cash flows, financial condition and results of operations. Further, the such transactions in the future or any future transactions with our related parties, either individually or in the aggregate, may potentially involve conflicts of interest. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour.

b) Existing Risk factor No. 24 has been modified as follows and renumbered as Risk factor No. 25

25. *Our Company has in the past not complied with the certain provisions of the Companies Act, 2013. Further, there have also been instances where our Company has inadvertently filed incorrect information with the RoC in its statutory filings.*

In the past, our Company has not complied with certain provisions of the Companies Act, 2013 and the rules made therein, amended from time to time, as mentioned below:

One of the existing director of Company has provided the unsecured loan amounting to Rs. 20,00,000/- (Rupees Twenty Lakhs only) on August 02, 2016 against which company proposed to issue further equity shares. The Company has made allotment of equity shares on November 30, 2016 against such unsecured outstanding amount. The Company has filed form PAS-3 with incorrect information for allotment of equity shares made on November 30, 2016 and not was not in adherence with applicable section and rules of Companies Act, 2013.

Further, the company has also received unsecured loan amounting to Rs. 22,50,000 (Rupees Twenty-Two Lakhs Fifty thousand) on February 09, 2017, against which company proposed to issue further equity shares. The Company has filed form PAS-3 with incorrect information for allotment of equity shares made on June 10, 2017 and not was not in adherence with applicable section and rules of Companies Act, 2013.

No show cause notice in respect to the above has been received by our Company till date and no penalty or fine has been imposed by any regulatory authority in respect to the same. However, our company has applied for compounding of offence with relevant authority on January 12, 2024. It cannot be assured, that there will not be such instances in the future, or our Company will not commit any further delays or defaults in relation to its reporting requirements, or any penalty or fine will not be imposed by any regulatory authority in respect to the same. The happening of such event may cause a material effect on our results of operations and financial position.

c) Following New Risk Factor has been added as Risk Factor No. 37 as follows:

37 *There are certain discrepancies and non-compliances noticed in some of our financial reporting and/or records relating to filing of returns and deposit of statutory dues with the taxation and other statutory authorities.*

In the past, our company has at several instances, delayed in filing our TDS and Income Tax returns, GST returns, EPF returns and deposit of statutory dues, as a result of which, we have been required to pay the late filing fees along with interest on delayed deposit of due taxes and statutory dues. The details of the same has been mentioned below:

GST returns:

Financial Year	State	Return Type	Total number of Establishment	Establishment with Delayed Filings
2023-2024	GSTRB-3	2	2	2023-2024
2022-2023	GSTRB-3	2	2	2022-2023
2021-2022	GSTRB-3	2	2	2021-2022
2020-2021	GSTRB-3	2	2	2020-2021
2019-2020	GSTRB-3	2	2	2019-2020
2018-2019	GSTRB-3	1	1	2018-2019
2017-2018	GSTRB-3	1	1	2017-2018

EPF returns:

Financial Year	Total Amount of All Establishments Paid (Amount in crores)	Total number of Establishment	Establishment with Delayed Filings
2023-2024	0.15	1	1
2022-2023	0.03	1	1
2021-2022	0.14	1	1
2020-2021	0.09	1	1
2019-2020	0.02	1	1

Although the late filing fees and interest on late deposits levied are small but if we continue this practice, the accumulated amounts of each delay may adversely affect our cash flows. Further no-show cause notice has been issued against our Company till date, in respect of above. In the event of any cognizance being taken by the concerned authorities in respect of above, actions may be taken against our Company and its directors, in which event the financials of our Company and our directors may be affected.

For further details of certain material legal proceedings involving our Company, our Promoter, our directors, see “Outstanding Litigations and Material Developments” beginning on page 174 of this Draft Red Herring Prospectus.

d) Following New Risk Factor has been added as Risk Factor No. 10 :

10. We intend to utilize ₹ 1,800 Lakhs of the Net Proceeds for Investment in Human resources and Product Development. We have relied on the management estimates for number of employees to be hired and average salary to be deployed to such hired employees. Such estimates have not been appraised by any bank or financial institution or any other independent agency.

We intend to use the Net Proceeds of the Issue for the purposes described in the section titled “Objects of the Issue” on page 72. The objects of the Issue comprise (i) Acquisition of TAC Security Inc (Delaware, USA) and making it Wholly Owned Subsidiary thereon, (ii) Investment in Human resources and Product Development, (iii) general corporate purposes. Further, the Investment in Human resources and Product Development can be bifurcated into 2 (Two) parts:

- A. Investment of ₹ 800.00 Lakhs in our company for hiring personnel and Product Development to support Organic Growth of our company in India.
- B. Investment of ₹ 1,000.00 Lakhs in our Proposed Wholly owned subsidiary TAC Security Inc (Delaware, USA) through hiring personnel outside India

In relation to the Investment in Human resources and Product Development, we estimate the total cost to be ₹ 1,800 lakhs and have relied on the estimates as provided by the management of the company. We have not entered into any definitive agreements to utilize the Net Proceeds for this object and have relied on the management estimates. Additionally, in the event of any delay in hiring of employees, the proposed schedule, implementation and deployment of the Net Proceeds may be extended or may vary accordingly. We cannot assure you that the actual costs incurred in relation to this object will be similar to and not exceed the amounts indicated by the management of the company. For details, see “Objects of the issue” on page 72.

OBJECTS OF THE ISSUE

a. Following details has been updated as follows:

Justification for Not Requiring the Working Capital Requirement

We fund a majority of our working capital requirements in the ordinary course of business from Internal Accruals and Borrowings. The brief details of Net Working Capital requirement based on Restated basis are as follows:

(₹ in Lakhs)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Total Current Assets (A)	1,034.63	816.52	402.33	361.30
Total Current Liability (B)	237.91	190.46	196.50	186.37
Working Capital (A-B)	796.72	626.06	205.82	174.93
Source of Fund				
Shareholders Fund	962.90	768.05	260.75	200.00

In future the Net Working capital requirements will be met from internal accruals at an appropriate time as per the requirement. Our company will not utilize any part out of Net Issue proceeds for working capital.

DETAILS OF USE OF ISSUE PROCEEDS

1. ACQUISITION OF TAC SECURITY INC (DELAWARE, USA) AND MAKING IT WHOLLY OWNED SUBSIDIARY THEREON:

Our company is engaged in the business of providing risk-based vulnerability management and assessment solutions, cybersecurity quantification and services of Penetration testing to organizations of any scale, size, and business through “SaaS model”. Our company offers security software products and solutions both in India and internationally. Our end customers are Banks and financial Institutions, government regulatory bodies and departments, large-scale enterprises (including business offices) like HDFC, Bandhan Bank, BSE, National Payments Corporation of India, DSP investment Managers Private Limited, Motilal Oswal Financial Services Limited and NSDL e-Governance. Our flagship software product is ESOF (Enterprise Security in One Framework) which was launched in 2018. ESOF is a vulnerability management platform consisting of various product portfolio namely ESOF Appsec, ESOF VMP, ESOF VACA, ESOF PCI ASV, ESOF CRQ. All the products launched under ESOF Platform have wide range of applications ranging from vulnerability management solutions for web and application-based data, compliance assessment, and cyber risk quantification.

To facilitate our existing global customers and to streamline the onboarding process for new customers outside India, Our Promoters and Executive Directors have identified Tac Security Inc (Delaware, USA) hereinafter referred as “Target Company” as identified investment acquisition to increase our global reach. Tac Security Inc (Delaware, USA) is a corporation incorporated in FY 2021-22 in the State of Delaware, United States of America.

Rationale for such acquisition and brief details of Target company is provided below:

➤ **TAC SECURITY INC (DELAWARE, USA)**

- **Name of Target Company:** TAC Security Inc
- **Registered Office of the Target Company:** The Registered Office address of the Corporation is situated at State of Delaware at 1013, Centre Road, Suite 403-B, City of Wilmington, County of New Castle- 19805-1270.
- **Business Office:** San Francisco, USA
- **Date of Incorporation:** December 15, 2021

Providing Services related to cyber space security

- **Capital Structure of Target Company:**

Authorised Capital	Paid up Capital
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10000000 Common Stock/Shares of face value of \$ 0.00001 each amounting to \$ 100.00	7020000 Common Stock/Shares of face value of \$ 0.00001 each amounting to \$ 70.20.
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• **Shareholder of Target Company**

Name of Shareholder	Number of Common Stock/Shares Hold	% of Total Paid-up Capital
Pawan Singh Dhindsa	7020000	100.00

• **Contribution to Revenue by Target company**

For the period ended as on September 30, 2023 and for the Financial year ended on March 31, 2023 and 2022, we derive ₹ 414.44 Lakhs, ₹ 716.65 Lakhs and ₹ 72.00 Lakhs, respectively of revenue from operations from a TAC Security Inc. (Delaware, USA). The detailed of the same is mentioned as below:

Name of Customer	Financial Year/ Period to which Sales relates	Value (In ₹ Lakhs)	% of Total Revenue from Operations	Increase in % as Comparison
TAC Security Inc (Delaware, USA)	FY 2021-22	72.00	14.09%	-
	FY 2022-23	716.65	71.66%	57.57%
	Period ended on September 30, 2023	414.44	82.55%	10.89%

As evident from the above data, Contribution of Target company in the Revenue from operation has been increased from 14.09% in FY 2021-22 to 71.66% in FY 2022-23, showing an increase of 57.57%. For the period ending as on September 30, 2023, Target company contributed 82.55% of the total revenue from operations.

By the acquisition of our largest customer i.e., TAC Security Inc (Delaware, USA) our management wants to proceed with growth of our company by forward integration and aim to enhance our market presence internationally, strengthen brand influence, and optimize the customer experience.

Further, our company has ensured that it is in compliance with all the applicable laws for the proposed investment.

• **Consideration**

We intend to utilise ₹ 0.52 Lakh from our internal accruals only for Acquisition of TAC Security Inc (Delaware, USA) and making it Wholly Owned Subsidiary thereon. For which our company will acquire 70,20,000 Common Stock/Shares having face value of \$ 0.00001/- each for \$ 0.0000902/- per Common Stock/Shares amounting to total of \$ 633 (approx.) as on the Date of Valuation i.e., September 30, 2023 under Net Asset Value Method.

For the purpose of this acquisition, reliance has been made on Valuation Report issued by M/s. Maharishi & Co., Chartered Accountants, bearing UDIN: 24141168BKAFVT4195.

After making target company as proposed Wholly Owned subsidiary, we intend to utilise ₹ 1000.00 Lakhs for the investment in human resources in target company which will be subject to regular evaluation of management and our Audit Committee. For further details of the same, kindly refer to Object No. 2 below.

2. INVESTMENT IN HUMAN RESOURCES AND PRODUCT DEVELOPMENT

Our company is engaged in the business of providing risk-based vulnerability management and assessment solutions, cybersecurity quantification and services of Penetration testing to organizations of any scale, size, and business through “SaaS model”. Our company offers security software products and solutions both in India and internationally. Our end customers are Banks and financial Institutions, government regulatory bodies and departments, large-scale enterprises (including business offices) like HDFC, Bandhan Bank, BSE, National Payments Corporation of India, DSP investment Managers Private Limited, Motilal Oswal Financial Services Limited and NSDL e-Governance. Our flagship software

product is ESOF (Enterprise Security in One Framework) which was launched in 2018. ESOF is a vulnerability management platform consisting of various product portfolio namely ESOF Appsec, ESOF VMP, ESOF VACA, ESOF PCI ASV, ESOF CRQ. All the products launched under ESOF Platform have wide range of applications ranging from vulnerability management solutions for web and application-based data, compliance assessment, and cyber risk quantification.

We have been successful in augmenting our portfolio of solutions over time through continuous inhouse product development, which we believe is a key differentiator of our business model. As of September 30, 2023, we had 56 employees, including 33 employees who comprises of our Operational and Product Development team. Over the past five years, we have introduced a range of solutions focused on risk-based vulnerability management, risk quantification, and compliance assessment. Our commitment to innovation is evident as we consistently invest in both enhancing our existing solutions and developing new ones.

Our company intends to utilise ₹ 1,800.00 for the purpose of Investment in Human resources and Product Development in the following manner:

- C. Investment of ₹ 800.00 Lakhs in our company for hiring personnel and Product Development to support Organic Growth of our company in India.
- D. Investment of ₹ 1,000.00 Lakhs in our Proposed Wholly owned subsidiary TAC Security Inc (Delaware, USA) through hiring personnel outside India;

Details of the aspects set out above, have been enumerated below:

A. Investment of ₹ 800.00 Lakhs in our company for hiring personnel and Product Development to support Organic Growth of our company in India.

i. Manpower Cost:

Our company is engaged in the business of providing risk-based vulnerability management and assessment solutions, cybersecurity quantification and services of Penetration testing to organizations of any scale, size, and business through “SaaS model”. Our company offers security software products and solutions both in India and internationally. Our end customers are Banks and financial Institutions, government regulatory bodies and departments, large-scale enterprises (including business offices) like HDFC, Bandhan Bank, BSE, National Payments Corporation of India, DSP investment Managers Private Limited, Motilal Oswal Financial Services Limited and NSDL e-Governance. Our flagship software product is ESOF (Enterprise Security in One Framework) which was launched in 2018. ESOF is a vulnerability management platform consisting of various product portfolio namely ESOF Appsec, ESOF VMP, ESOF VACA, ESOF PCI ASV, ESOF CRQ. All the products launched under ESOF Platform have wide range of applications ranging from vulnerability management solutions for web and application-based data, compliance assessment, and cyber risk quantification.

We have been successful in augmenting our portfolio of solutions over time through continuous inhouse product development, which we believe is a key differentiator of our business model. As of September 30, 2023, we had 56 employees, including 33 employees who comprise our Operational and Product Development team.

Owing to the nature of our business, for optimum utilisation of the technology and a seamless experience of our platform, our Company is in constant lookout for skilled personnel and ensures retention thereof. Accordingly, due to the competition for skilled technology and data personnel in the Indian market, and specifically in the industry in which our Company operates, hiring and retaining appropriate personnel requires significant infusion of funds and resources by our Company. Our historical expenditure pertaining to employees and work contract for the period ended as on September 30, 2023 and for the year ended as on March 31, 2023, 2022 and 2021 was ₹ 175.78 Lakhs, ₹ 270.18 Lakhs, ₹ 242.76 Lakhs and ₹ 206.40 Lakhs, respectively. Brief Details of the same is provided below:

Particulars	For the period ended September 30, 2023	FY 2022-23	FY 2021-22	FY 2020-21
Workforce Strength	56	49	46	47
Salary, Wages & Bonus	75.71	28.15	115.65	122.97

Particulars	For the period ended September 30, 2023	FY 2022-23	FY 2021-22	FY 2020-21
Contribution to Statutory Funds	11.75	7.57	9.63	6.29
Staff Welfare expense	88.32	28.88	116.53	67.13
Work Contract Expenses	-	205.58	0.95	9.65
Total Employee related expenses*	175.78	270.18	242.76	206.04
Total Expenses	329.17	505.25	438.16	431.88
Employee expenses as % of total expenses	53.40%	53.47%	55.40%	47.71%

**Total Employee expenses calculated here does not include Director's Remuneration*

We operate in Information technology industry in which employee retention is one of the biggest issues. Hiring of a new skilled staff and retention of existing skilled task is a complex activity, which our company has successfully managed till now. In order to increase our existing global reach and cater to existing and new customers, we will require substantial amount for the Employee related expenses.

The company has estimated manpower cost for hiring of new employees to be around ₹ 650.00 Lakhs (Approx.)

Detailed breakup of the same is provided below:

<u>Sr No</u>	<u>Particulars</u>	<u>No of Employees</u>	<u>Salary per Month (In ₹)</u>	<u>Total (In ₹)</u>
1.	<u>Sales and Marketing Department</u>	<u>3</u>	<u>1300000</u>	<u>46800000</u>
2.	<u>Finance Department</u>	<u>1</u>	<u>700000</u>	<u>8400000</u>
3.	<u>HR and Admin Department</u>	<u>1</u>	<u>400000</u>	<u>4800000</u>
4.	<u>Operation and Product Development</u>	<u>1</u>	<u>400000</u>	<u>4800000</u>
	<u>Total</u>	<u>6</u>	<u>3200000</u>	<u>64800000</u>

The above-mentioned cost is as estimated by the management of the company of the company and may vary in accordance with the market demand.

Personnel Hiring:

The investment of ₹ 650.00 Lakhs earmarked for hiring senior personnel will be allocated towards expanding our business presence in various markets, particularly focusing on India as well as APAC (Asia-Pacific) and Middle Eastern Region. This strategic initiative aims to penetrate larger customer bases and drive growth opportunities across these regions.

ii. Non-Manpower Cost:

Our platform has been designed to be modular which enables us to develop and launch solutions that serve specific customer segments efficiently. These improvements leverage our platform's core capabilities including customer relations. Accordingly, we will invest in our technology with an aim to strengthen our machine learning and artificial learning capabilities for providing software solutions to our customers in relation to vulnerability management and assessment solutions, cybersecurity quantification, services of Penetration testing and increased engagement with our customers.

We offer our services under ESOF (Enterprise Security in One Framework) through various Programmes such as ESOF Appsec, ESOF VMP, ESOF VACA, ESOF PCI ASV, ESOF CRQ. Summary details of the same is provided below.

Name of Product	Year in which it was developed	Function
ESOF Appsec	2018	Unified Vulnerability Management Solution to Detect & Protect your Web and App Assets from risk-based vulnerabilities
ESOF VMP	2019	vulnerability management platform providing risk-based vulnerability management and assessment services
ESOF VACA	2022	Identify, Evaluate, Prioritize, and Mitigate all the dominant vulnerabilities and risks in real-time across the entire IT landscape
ESOF PCI ASV	2023	comprehensive and integrated solution to ensure compliance with PCI (Payment Card Industry) requirements
ESOF CRQ	2023	provides financial risk assessment by way of quantification of cyber risk through Artificial Intelligence and Machine Learning

We are further planning to launch product under ESOF umbrella by the name of ESOF Ensure which deals with Risk Rating & Cyber Insurance Solutions. In order to upgrade our existing products as well as development of new products we will be required spend apart from employee expenses, other expenses such as marketing and promotion expenses, skill development cost, repair and maintenance expenses. Our company has estimated total expenses on product development to be around **₹ 150.00 Lakhs**.

Product Development

This cost has been allocated based on our historic track record of product development. Our company has developed total of 5 (Five) products from year 2018 to 2023. There are various cost associated with the product development such as skill development cost, sales and promotion expenses, for which our company has allocated ₹ 150.00 Lakhs towards the same. This investment is aimed at bolstering our capabilities in developing innovative solutions to address emerging cybersecurity challenges and capitalize on evolving market trends. By investing in top talent, we aim to accelerate the development of new products and further differentiate ourselves in the competitive landscape. Detailed break-up of the same has been provided below:

Team Plan:

<u>Sr No</u>	<u>Particulars</u>	<u>No of Employees</u>	<u>Salary per Month (In ₹)</u>	<u>Total (In ₹)</u>
1.	<u>Sales & Promotion expenses</u>	<u>NA</u>	<u>NA</u>	<u>3000000</u>
2.	<u>Skill Development of Product R&D Team</u>			<u>1500000</u>
3.	<u>Product Engineering Manager</u>	<u>1</u>	<u>180000</u>	<u>2160000</u>
4.	<u>Product Engineer L3</u>	<u>1</u>	<u>150000</u>	<u>1800000</u>
5.	<u>Product Engineer L2</u>	<u>1</u>	<u>100000</u>	<u>1200000</u>
6.	<u>Product Engineer L1</u>	<u>3</u>	<u>60000</u>	<u>2160000</u>
7.	<u>Quality Assurance Tester</u>	<u>1</u>	<u>70000</u>	<u>840000</u>
8.	<u>Business/Tech Product Analyst</u>	<u>1</u>	<u>100000</u>	<u>1200000</u>
9.	<u>Financial Risk Analyst</u>	<u>1</u>	<u>250000</u>	<u>3000000</u>

<u>Sr No</u>	<u>Particulars</u>	<u>No of Employees</u>	<u>Salary per Month (In ₹)</u>	<u>Total (In ₹)</u>
	Total	9	910000	16860000

To sum up, we intend to utilise ₹ 800.00 Lakhs (₹ 650 Lakhs + ₹ 150 Lakhs) for the purpose hiring personnel and Product Development for Organic Growth of our company.

B. Investment of ₹ 1,000.00 Lakhs in our Proposed Wholly owned subsidiary TAC Security Inc (Delaware, USA) through hiring personnel outside India.

We generate our revenue outside India through TAC Security Inc (Delaware, USA) which we intends to acquire in accordance with applicable laws to increase our global reach and to facilitate global customers onboarding. TAC Security Inc (Delaware, USA) is owned by Mr. Pawan Singh Dhindsa who is not related to our Promoter/promoter group in any manner.

For the period ended as on September 30, 2023 and for the Financial year ended on March 31, 2023 and 2022, we have booked income of ₹ 414.44 Lakhs, ₹ 716.65 Lakhs and ₹ 72.00 Lakhs, respectively from TAC Security Inc (Delaware, USA). The detailed of the same is mentioned as below:

<u>Name of Customer</u>	<u>Financial Year/ Period to which Sales relates</u>	<u>Value (In ₹ Lakhs)</u>	<u>% of Total Revenue from Operations</u>	<u>Increase in % as Comparison</u>
TAC Security Inc (Delaware, USA)	FY 2021-22	72.00	14.09%	-
	FY 2022-23	716.65	71.66%	57.57%
	Period ended on September 30, 2023	414.44	82.55%	10.89%

By the acquisition of our largest customer i.e., TAC Security Inc (Delaware, USA) our management wants to proceed with growth of our company by forward integration and aim to enhance our market presence internationally, strengthen brand influence, and optimize the customer experience.

We intend to utilise a portion of our Net Proceeds aggregating to ₹ 1,000 Lakhs in the form of equity or debt or a combination of both or in any other manner as may be mutually decided between the Company and our Proposed Wholly Owned Subsidiary, in accordance with Applicable Law. The actual mode of such deployment has not been finalised as on the date of this Draft Red Herring Prospectus. Pursuant to such investment, our Material Subsidiary intends to utilise the portion of Net Proceeds in the following manner:

Hiring of personnel for onboarding of new global customers:

Our company after the proposed acquisition of TAC Security Inc (Delaware, USA) intends to expand its global reach further as significant portion of our revenue from operations is derived from Export proceeds which is evident from the below data:

Our company derives 82.55%, 71.66%, 48.02% and 40.23% of total revenue from operations from export of services for the period ended September 30, 2023 and for the financial year ended as on March 31, 2023, 2022 and 2021.

In order for further organic growth outside India, we are required to hire skilled technical and product development personnel. The market for skilled employees in the IT industry in which our Company operates, is extremely competitive in both domestic and global markets, and the process of hiring such employees requires infusion of significant time and resources.

Pursuant to the factors set out above, we intend to expand our capabilities in the overseas market and seek to hire more personnel to cater to existing and new onboarding customers in accordance with the rise in demands for our products across the world.

Accordingly, we intend to use **₹ 1000.00 Lakhs** (Approx.) of the Net Issue Proceeds to hire skilled personnel to support the growth of our overseas business.

The Breakup of the same is provided below:

Sr No	Particulars	Qty	Salary per Month (In USD)	Total
1.	Operation and Product Development	4	6000	24000
2.	Sales and Marketing Department	4	7000	28000
3.	Compliance and Legal Department	1	5000	5000
4.	Finance Department	1	4000	4000
5.	HR and Admin Department	1	2500	2500
6.	Business Engagement	3	12500	37500

BUSINESS OVERVIEW

a. The following section has been inserted as follows:

PROJECTS COMPLETED:

DSP Mutual Funds

Project Overview: Conducted an in-depth vulnerability assessment and management project to secure DSP Mutual Funds' IT infrastructure, identifying and mitigating security vulnerabilities to protect financial data integrity.

Bandhan Bank

Project Overview: Implemented a comprehensive vulnerability assessment program for Bandhan Bank, focusing on securing banking systems and networks through penetration testing and security assessments.

National Payments Corporation of India (NPCI)

Project Overview: Provided NPCI with vulnerability assessment and management services aimed at securing its digital payment systems, crucial for maintaining the integrity of India's financial ecosystem.

HDFC Limited

Project Overview: TAC InfoSec Limited undertook a critical project with HDFC Limited to perform vulnerability assessments and security management for HDFC's extensive financial services infrastructure. This project aimed to identify and rectify potential security vulnerabilities, ensuring the protection of sensitive financial information and customer data.

DATA STORAGE AND DATA PROTECTION STEPS:

Our Company is ensuring the security and integrity of client through comprehensive approach to data storage and protection, aligning its practices with data localization and regulatory requirements specific to India. Below are the details of the steps taken by our Company in this regard, including information about server usage and data protection measures:

Data Storage and Protection Measures

Data Localization Compliance:

Our Company strictly adheres to data localization norms as prescribed by Indian regulatory authorities. This ensures that all data generated and collected from Indian clients are stored within the country, thereby complying with the legal requirements.

Use of AWS Mumbai Region:

The company utilizes Amazon Web Services (AWS) for its cloud storage needs, specifically opting for the Mumbai region. This choice supports data localization by keeping client data within Indian jurisdiction, which is crucial for regulatory compliance and reduces latency for local users.

Data Encryption:

All client data, both at rest and in transit, is encrypted using advanced encryption standards (AES). This ensures that even in the event of unauthorized access, the data remains secure and indecipherable to hackers.

Access Control:

Our Company implements strict access control measures. Access to client data is restricted to authorized personnel only, based on their role and necessity. This minimizes the risk of internal threats and ensures that client data is not exposed to unnecessary risks.

Regular Security Audits and Compliance Checks:

Our Company conducts regular security audits to assess and improve its data protection measures. These audits help in identifying vulnerabilities and ensuring that the company's data handling practices are in line with the latest regulatory requirements and industry standards.

Data Backup and Recovery:

To safeguard against data loss due to unforeseen circumstances, our Company has data backup and recovery procedures in place. Regular backups are conducted, and data is stored in multiple secure locations within the AWS Mumbai region, ensuring quick recovery in case of a disaster.

Client Data Privacy:

Our Company is committed to protecting the privacy of its clients. Our Company has privacy policies and procedures in place that comply with Indian regulations, ensuring that client data is collected, used, and shared responsibly and ethically.

Training and Awareness:

Our Company invests in regular training and awareness programs for its employees, ensuring they are aware of the latest cybersecurity threats and best practices for data protection. This human-centric approach to security helps prevent data breaches caused by human error.

Server Usage:

Our Company uses AWS servers located in the Mumbai region for providing its services. This choice is driven by the need for compliance with data localization requirements, as well as the desire to leverage the reliability, scalability, and security features offered by AWS.

By adhering to these practices and regulations, our Company demonstrates its commitment to safeguarding client data and maintaining the highest standards of data protection and privacy. Our Company continuously monitors and updates its security practices to address emerging threats and ensure compliance with evolving regulatory requirements

OUR PROMOTERS AND PROMOTERS GROUP

a) The following details has been updated as follows:

	MR. TRISHNEET ARORA Mr. Trishneet Arora aged 30 years is Promoter and Director of the Company. Originally, he was appointed as a Non-Executive Director since the incorporation of the company, i.e., since August 01, 2016. Thereafter pursuant to approval of members in Extra-Ordinary General Meeting of the Company held on January 08, 2024 his designation was change to Chairman, Executive Director and Chief Executive Officer w.e.f January 08, 2024, for a period of 5 (five) years. Our promoter is a young tech wizard who is exceptional passionate about securing cyberspace He has dropped from school to continue his passion and profession in cybersecurity. He is having experience of more than 6 years in the field of cyber security. From there, under his leadership, TAC Security has been securing the world's top brands and Governments while disrupting cybers space. Trishneet featured in Forbes 30 Under 30 Asia in year 2018. He was listed in Fortune India's 40 Under 40 list twice in year 2018 and 2021 Trishneet made it to the Top 200 "Leaders of Tomorrow" by St. Gallen Symposium, Switzerland for the second time in 2022, the first time being in 2018. He is a also a two-time list maker (2021 and 2023) for the "The Top 100 Great People Managers List" by Great Managers Institute in association with Forbes. Trishneet Arora was awarded "Entrepreneur of the Year" 2020 by the Entrepreneur Magazine in the Security Services Category. In the past, he was listed in the 50 Most Influential Young Indians by GQ Magazine 2017. Trishneet is also part of Entrepreneur Magazine's 35 under 35. Late Javier Gonzales, Mayor of the City of Santa Fe, New Mexico, proclaimed 25th August as the "Trishneet Arora Day" in 2017. He enjoys connecting with global leaders and divides his time amongst various by being a part at conferences as speaker. "My vision is to help CXOs strategically assess & manage enterprise-wide risk through a single platform.
Date of Birth	November 02, 1993
Age	30
Educational Qualification	He has dropped from school to continue his passion and profession cybersecurity at the age of 19.
Experience in Business/Employment	<u>He is having experience of more than 6 years in the field of cyber security.</u>
Present Residential Address	Flat No 201-A1, Regency Heights JLPL, Sector -91 Mohali, SAS Nagar Punjab-160055
Position/posts held in the past	Non Executive Director
Other Directorship held	Tac Security Private Limited
Other Ventures	-

	MR. CHARANJIT SINGH Mr. Charanjit Singh aged 57 years is Promoter and Director of the Company. Originally, he was appointed as a Non-executive Director since the incorporation of the company, i.e., since August 01, 2016. Thereafter pursuant to approval of members in Extra-Ordinary General Meeting of the Company held on January 08, 2024 his designation was change to Executive Whole-Time Director w.e.f January 08, 2024, for a period of 5 (five) years. He is having experience of over 35 years in finance management.
Date of Birth	December 16, 1966
Age	57
Educational Qualification	<u>He does not have any formal educational qualification or degree certificates</u>
Experience in Business/Employment	He is founding member of the company. He is having experience of more than 6 years in finance management He has a vast knowledge and experience in field of business processes, decision making, and entrepreneurship. He has handled diversified business and having good experience in various segments. He has adopted the good planning methods and executing aggressive strategies to achieve business goals.
Present Residential Address	A-1, 201, Regency Height, Sec-91, S.A.S. Nagar (Mohali), Punjab - 160062
Position/posts held in the past	Non-Executive Director
Other Directorship held	TAC Security Private Limited Oneiric Gaming Private Limited
Other Ventures	-

OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

- a) The following Contract has been added as follows:

A. MATERIAL CONTRACTS

- 8 Syndicate Agreement dated February 27, 2024 executed between our Company, Book Running Lead Manager and Syndicate Member

DECLARATION

We, the undersigned, hereby certify and declare that all the relevant provisions of the Companies Act, 2013 and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued there under, as the case may be. We further certify that all statements in this Addendum to Draft Red Herring Prospectus are true and correct.

Signed by the Directors of the Company:

Name	Designation	Signature
Mr. Trishneet Arora	Chairman, Executive Director and CEO	Sd/-
Mr. Charanjit Singh	Whole-Time Director	Sd/-
Mr. Bharatkumar Amrutlal Panchal	Non-Executive Director	Sd/-
Mr. Sanjiv Swarup	Independent Director	Sd/-
Mr. Rajiv Vijay Nabar	Independent Director	Sd/-
Ms. Aarti Jeetendra Juneja	Independent Director	Sd/-

Signed by:

Name	Designation	Signature
Ms. Neha Garg	Chief Financial Officer	Sd/-
Ms. Sharon Arora	Company Secretary and Compliance Officer	Sd/-

Place: Chandigarh

Date: March 05, 2024