



# ANNUAL REPORT

**ESDS SOFTWARE SOLUTION LIMITED**

CIN:U72200MH2005PLC155433

FINANCIAL YEAR  
**2022-2023**

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## Corporate Information

### BOARD OF DIRECTORS

**Mr. Piyush Somani**

Chairman-cum-Managing Director

**Ms. Komal Somani**

Whole Time Director

**Mr. Aipt Sharma**

Nominee Director

**Mr. Dhandapani T. G.**

Independent Director

**Ms. Pamela Kumar**

Independent Director

**Mr. Venkatesh Natarajan**

Independent Director

### Chief Financial Officer

Mr. Nadukuru Sita Ramaiah

### Company Secretary

Mr. Prasad Deokar

### Auditors

M/s. Shah Khandelwal Jain & Associates  
Chartered Accountants, Pune

### Internal Auditors

M/s. Kirtane & Pandit LLP  
Chartered Accountants, Pune

### Bankers

Axis Bank Limited  
IndusInd Bank

### Debenture Trustee

Piramal Trusteeship Services Private Limited

### REGISTERED OFFICE

Plot No. B- 24 & 25, NICE Area,  
MIDC, Satpur, Nashik – 422 007  
Maharashtra, India

### CORPORATE OFFICE

Plot No. Gen 71/1 & 71/1/1, T.T.C Industrial Area,  
M.I.D.C., Navi Mumbai – 400 710  
Maharashtra, India

## Our Promoter

### Promoter

Piyush Prakashchandra Somani is the Promoter of the Company.

As on the date of this Annual Report, he holds 2,68,52,696 Equity Shares, representing 28.91% of the issued, subscribed, and paid-up Equity Share capital of the Company.



### Details of our Promoter are as follows: Piyush Prakashchandra Somani

Piyush Prakashchandra Somani is the Promoter and Managing Director of our Company and Chairman of our Board. He holds a bachelor's degree in engineering (electronics) from the University of Pune. He has over 17 years of experience in the information technology sector. As the founder of our Company at the age of 26, he has been instrumental in expanding the operations of our Company in India and several international markets. He is also on the board of our Subsidiaries, ESDS Internet Services Private Limited, SPOCHUB Solutions Private Limited, ESDS Cloud FZ LLC and ESDS Global Software Solution, Inc.

## Message from Chairman

**Dear Shareholder,**

We are thrilled to present ESDS Software Solution Ltd.'s Annual Financial Report for the fiscal year 2023. In a world marked by constant change and challenges, we stand before you with optimism and a vision of innovation that will shape the future of businesses.

Our Guiding Star at ESDS, innovation isn't just a buzzword; it's the very essence of our existence. FY 2023 has been a year of relentless innovation, driven by our commitment to provide groundbreaking solutions to our clients and partners.

This year we made a significant impact in the technology arena with not just our cloud services but managed services and managed security services. Technological advancement comes with greater risks, and ESDS was at the forefront of defending its clients, partners with its unique security offerings.

Empowering Infrastructure Management, our flagship product, eNlight 3600, has continued to be a game-changer in infrastructure monitoring and management. Along with its US and UK patents for auto-vertical scaling technology, eNlight 3600 also acquired an India patent in FY 2023.

In FY 2023, we took a monumental step forward by introducing our cutting-edge Low Code No Code application development platform. This platform simplifies app development like never before, democratizing the power to create software solutions. It bridges the gap between business needs and technical complexities, allowing businesses to innovate rapidly. With this platform, we're not just changing the game but rewriting the rulebook.

Our success kept ongoing as FY 2023 added another feather to our cap. We launched one new Data Centres in Mohali and Navi Mumbai date centre were launched HIFY24. This is not just an expansion but our response to the growing needs of our Cloud and Data Centre customers while providing an essential space for our growing team.

Our commitment to excellence remains unwavering as we truly believe excellence is not a destination; it's our journey. We remain dedicated to delivering unmatched value to our stakeholders and shareholders. Your trust in us is our driving force, and we pledge to uphold the highest standards of integrity, transparency, and professionalism.

The horizon of possibilities is expanding, and ESDS Software Solution Ltd. is at the forefront of this transformation. We invite you to join us on this remarkable journey toward a future where innovation knows no bounds.

Thank you for your continued trust and support. Together, we will build a brighter tomorrow.

Sincerely,

**Piyush Somani**

Chairman-cum-Managing Director

## Board of Directors



**Mr. Piyush Somani**  
Chairman-cum-Managing  
Director



**Mrs. Komal Somani**  
Whole Time Director



**Mr. Alipt Sharma**  
Nominee Director



**Ms. Pamela Kumar**  
Independent Director



**Mr. Dhandapani T.G**  
Independent Director



**Mr. Venkatesh Natarajan**  
Independent Director

## **Brief profiles of our Directors:**

**Piyush Prakashchandra Somani** is the Promoter and Chairman-cum-Managing Director of our Company. He holds a Bachelor's Degree in Engineering (Electronics) from the University of Pune. He has over 17 years of experience in the information technology sector. As the founder of our Company at the age of 26, he has been instrumental in expanding the operations of our Company in India and several international markets. He is also on the board of our Subsidiaries, ESDS Internet Services Private Limited, SPOCHUB Solutions Private Limited, ESDS Cloud FZ LLC and ESDS Global Software Solution, Inc.

**Komal Somani** is the Whole Time Director on our Board, the Chief Marketing Officer and Chief Human Resource Officer of our Company. She holds a Bachelor's Degree in Engineering from the University of Pune. She has been associated with our Company since September 01, 2012. She has won several awards and recognitions such as "Most Innovative Woman of the Year – 2018" at the 2<sup>nd</sup> She Leads Summit and Awards, 2018, was ranked amongst the 50 Most Innovative HR Technology Leaders 2017, and amongst the 25 Most Innovative HR Tech Leaders – 2016 at the Asia Pacific HRM Congress. She was also awarded the Maharashtra Nari Ratna Award 2017, Tejaswini Sanmaan by Swaraj in 2017 and Nashik Best HR Leaders – 2017. She is also on the board of Resvera Wines Private Limited.

**Alipt Sharma** is a Nominee Director on the Board of our Company. He holds a Bachelor's Degree in Arts from the University of Delhi, has completed the post-graduate programme in management from the Indian School of Business, Hyderabad and is an associate member of the Institute of Chartered Accountants of India. He has experience in the field of Corporate Finance. He is also on the board of Rochem Separation Systems (India) Private Limited, Rishabh Instruments Pvt Ltd and Kalki Communication Technologies Private Limited.

**Dhandapani T. G.** is an Independent Director of our Company. He holds a bachelor's degree in commerce from the University of Madras and is an associate member of the Institute of Chartered Accountants of India. He has over 35 years of experience in the IT sector. He has completed the global program for management development by Ross School of Business, Michigan and the international seminar on IQC for Top Management organized by the Union of Japanese Scientists and Engineers. He was previously associated with Sundaram-Clayton Limited as their chief information officer.

**Pamela Kumar** is an Independent Director of our Company. She holds a bachelor's degree in engineering from the Panjab University and a master's degree in science from Rutgers the State University. She has completed the Executive General Management Programme conducted by the Indian Institute of Management Bangalore. Previously, she has been associated with AT&T Information Systems, Centre for Development of Telematics, Network Programs (India) Private Limited, Alliance Semiconductor (India) Private Limited, Texas Instruments (India) Limited, IBM India Private Limited, Hewlett-Packard India Software Operation Private Limited, and has previously been appointed as a Director

General, India's Telecom Standards Development Organisation. She has over 15 years of experience in the field of systems and technology.

**Venkatesh Natarajan**, a Tech Visionary, is an Independent Director of the Company. He holds a Mechanical Engineer degree with a Post-Graduation in Engineering Management and Business Administration. He is also a Master of Technology (M. Tech) in Maintenance Engineering stream. He has also completed a PD Diploma in Computer Programming, Computer Software Engg. He has 33 years of multifaceted experience in the Manufacturing industry includes 25 years of focused expertise in 'IT embedded Business Transformation'. He was President-IT & Chief Digital Officer at Ashok Leyland Limited with over 20 years of association with the Ashok Leyland and has been responsible for evangelizing and turbocharging Digital Technology Practices and creating a pan-organization 'Data Driven Culture'. He has won multiple awards and recognitions for his Technology Stewardship.



## BOARD'S REPORT

FY 2023-24

Dear Members,  
ESDS Software Solution Limited

Your directors' have pleasure in presenting the Eighteenth 18<sup>th</sup> Annual Report ("the Report" / "this Report") along with audited financial statements of your Company, for the financial year ended March 31, 2023.

### 1. Financial Results

The financial performance of your Company for the year ended March 31, 2023 is summarized below:

(₹ in Millions except EPS)

| Particulars  | Standalone |          | Consolidated |          |
|--|------------|----------|--------------|----------|
|  | 2022-23    | 2021-22  | 2022-23      | 2021-22  |
| Total Receipts / Gross Sales and Operating Income          | 2,058.94   | 1,978.97 | 2,122.42     | 1,986.92 |
| Profit Before Depreciation, Tax and Exceptional Items      | 301.93     | 487.40   | 262.26       | 443.02   |
| Depreciation and Amortisation Expenses                     | 461.69     | 420.76   | 491.48       | 429.47   |
| Profit/(Loss) Before Tax & Exceptional Items               | (159.76)   | 66.64    | (229.22)     | 13.55    |
| Exceptional Items  | 47.78      | 31.64    | (47.78)      | (35.00)  |
| Provision for Taxation                                     | (57.21)    | 10.59    | (52.39)      | 5.16     |
| Profit/(Loss) after tax                                    | (150.32)   | 21.95    | (224.60)     | (26.62)  |
| Other Comprehensive Income                                 | (0.19)     | 2.34     | (0.19)       | 2.34     |
| Total Comprehensive Income (post non-controlling interest) | (150.51)   | 23.39    | (247.58)     | (24.28)  |
| Earnings per Equity Share (EPS)                            |            | 0.26     |              | (0.27)   |
| Basic (face value ₹ 1/- each)                              | (1.62)     | 0.26     | (2.42)       | (0.27)   |
| Diluted (face value ₹ 1/- each)                            | (1.62)     |          | (2.42)       |          |

\* Applicable only in case of consolidated financial statements.

## Performance of the Company during FY 2022-23

### Projects update:

For FY-23, our existing customers like L&T, EDF, MCGM, IGR-LR, MSRDC, Tech Mahindra have scaled up their businesses with ESDS & there has been a significant jump in the revenue recognition from these customers in FY-23. The Company has commenced operation through its 4<sup>th</sup> Data Centre at Mohali on 01<sup>st</sup> July 2022. Revenue from L&T has drastically increased from Rs.12 Crore to Rs.17 Crore during FY 23 i.e., by approx. 33% due to increase in consumption. During the financial year 2022-23, the Company has initiated the process for revising the terms of existing contract executed with EDF with respect to revenue for increase in consumption. Revenue from IGR-LR has also substantially increased from Rs.8.23 Crore to Rs.13.68 Crore in FY 23. MPPKVCL Project has started generating full-fledged revenue in FY 23 and which will continue in coming Financial Years.

Our newly commenced Mohali Data Centre has bagged an order worth Rs.25.40 Crores in FY 23 within a very short time span. The optimum revenue from this Data Centre will be recognised in FY 24 and in subsequent years also. The Company received new orders from IGR-LR worth Rs.19.78 Crores, MCGM-O 365 Project worth Rs.16.30 Crores, Maharashtra State Co-operative ("MSC") Bank worth Rs.18.80 Cr., and Institute of Company Secretaries of India ("ICSI") in FY 23. The Company also received a Project worth Rs.6.64 Crores from Accenture Solutions, where IT Hosting infrastructure will be provided by the Company through which the Company will be managing and monitoring of the trains between Meerut and Delhi. The revenue from this project will be recognised in FY 24 and in subsequent years. Centre of E-Governance (CEG), Karnataka, Ministry of External Affairs (MEA), School Education and Sport Projects were also bagged in FY 23 and the revenue will be recognised in FY 24. The Company has received an extension of Contract from SJVN Limited amounting to Rs.7.65 Crores in FY 23.

STPI Phase II Project was delivered in the end of FY 23, the revenue from the same will be recognised in FY 24, The Company is in process of delivering STPI Phase III Project in FY 24 which will substantially increase revenue annually by Rs.10.74 Crore.

Multiple orders from Enterprise segment viz. Goldmine Advertising Limited, Bajaj Finserv Asset Management Limited, Jindal Aluminium Limited, 9X Media Private Limited, Shri Ram Finance Corporation Private Limited, Assam Power Distribution Company Limited, Dr. Annasaheb Chougule Urban Co-Op Bank Limited, etc., were also bagged last year and revenue recognition of the same has been started. The Company has received orders (total Contract value) over Rs.175 Crores in FY 23.

## Awards and Recognitions received by the Company during the year:

| Particulars  | Name of the Award / Recognition   |
|--|---|
| GovConnect 8 <sup>th</sup> Digital Transformation Conclave Honoured ESDS Software Solution Ltd. for the project eNlight Cloud under the category Intellectual Property in Cloud Technology   | Certificate of Achievement  |
| ESDS was recognized as the “ <b>Most Preferred and Trusted Cloud Service Provider</b> ” at the ET Achiever's Award 2022. The award is given to exemplary professionals and enterprises who have made a difference through their contributions to the corporate world and varied sectors. It is set to be honoured for their spirit of innovation, talent and relentless zeal to break monotony and business stereotypes. | Most Preferred and trusted Cloud Service Provider                       |
| Seceon Networks recognized ESDS Software Solution Ltd. as the Most Valued Partner – Govt. Sector.  | Most valued MSSP Partner – Govt. Sector                                 |
| White page international recognized Komal Somani as one of the 100 Inspirational leaders of Asia for her exemplary achievements and immense contribution to the growth of the organization   | Komal Somani recognized as one of the 100 Inspirational leaders of Asia |
| ESDS was recognized as the best VCSP partner of the year by VEEAM – 2022   | The Best VCSP Partner of the Year by VEEAM- May 2022                    |
| ESDS stood runner up at the DevOps India Summit Awards 2022 in the category  | Runner-Up in Best DevSecOps Project of the Year- In house               |
| Komal Somani was recognized as one of the 50 Most Fabulous Happiness Leaders at the World Happiness Congress 2023  | 50 Most Fabulous Happiness Leaders                                      |
| ESDS was recognized as the best Cloud as a Service provider at the MSP India summit 2023 in the cloud category   | Best Cloud as a Service Provider  |
| ESDS was recognized as the “Most Admired Brand- 2023” by VARINDIA Magazine at Infotech Forum 2023  | Most Admired Brand – 2023   |

## Business and Operations Review:

Our revenue from operations increased by 4.21% to ₹ 2,013.71 million in Fiscal 2023 from ₹ 1,932.34 million in Fiscal 2022, due to increase in sales of cloud hosting and managed services and technical support services. Increase in sales of (a) cloud hosting and managed services were driven by new contracts and scaling of old contracts; and (b)

technical support services were driven by an increase in demand of managed services. This signifies an improvement in absolute and percentage terms, both.

### **Capital Expenditure:**

As at March 31, 2023, the Gross Fixed Assets & Intangible Assets stood at ₹ 3100.29 Million which include CWIP and net fixed assets and net intangible assets at ₹ 2031.40 Millions. Additions during year amounted to ₹ 237.04 Millions.

### **Employee Benefit Expenses:**

Employee benefit expenses increased by 8.73% to ₹ 739.86 million in Fiscal 2023 from ₹ 680.41 million in Fiscal 2022. Such increase was predominantly due to an increase in the number of employees as well as increase in salaries, wages and bonuses in the ordinary course. The increase in number of employees was predominantly due to expansion in capacities of existing data centres, addition of our new data centre in Mohali as well as addition in manpower in certain existing business departments.

### **Liquidity:**

The Company continues to maintain comfortable cash balances to meet its strategic objectives. The Company's cash balance decreased to ₹ 157.72 million from previous year's ₹ 340.32 million.

In accordance with the 4<sup>th</sup> proviso of Section 136(1) of the Act, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.esds.co.in](http://www.esds.co.in). Further, as per the 5<sup>th</sup> proviso of the said section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company, [www.esds.co.in](http://www.esds.co.in). Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's registered office address.

## **2. Share Capital:**

As at 31<sup>st</sup> March 2023, the Authorised Share Capital of the Company stood at ₹ 460 million consisting of 11,50,00,000 (Eleven Crore Fifty lakh) equity shares of face value of Rs.1/- each aggregating to ₹ 11,50,00,000 (Rupees Eleven Crore Fifty Lakhs Only), consisting of 31,50,000 (Thirty One lakh Fifty Thousand) Preference Shares of ₹ 100/- each carrying a dividend rate of 0.01%, aggregating to ₹ 31,50,00,000 (Rupees Thirty One Crore Fifty Lakhs Only) and 2,00,000 (Two lakh) Preference Shares of ₹ 100/- each carrying a dividend rate of 16%, aggregating to 2,00,00,000/- (Rupees Two Crore Only) and 10,00,000 Preference Shares of Rs. 10/- each carrying a dividend rate of 0.01% aggregating to ₹ 1,00,00,000/- (Rupees One Crore Only).

As at 31<sup>st</sup> March, 2023, the Company's paid-up Equity Share Capital stood at ₹ 9,28,94,185/- (Rupees Nine Crore Twenty-Eight Lakh Ninety-Four Thousand One Hundred and Eight Five only), consisting of 9,28,94,185 fully paid-up equity shares of ₹ 1/- each.

During the year under review and in view of Pre-IPO sale and pursuant to fresh issue approved by the Board and Shareholders for filling Draft Red Herring Prospectus, the Company has issued and allotted 13,22,500 equity shares of face value of ₹ 1/- each to prospective investor on 12<sup>th</sup> May 2023.

Mrs. Sarla Somani, in view of Pre-IPO sale and pursuant to Offer for Sale approved by the Board and Shareholders for filling Draft Red Herring Prospectus, had transferred 22,727 equity shares to prospective investors on 15<sup>th</sup> June 2022.

### 3. Other / Debt Securities:

The Company had on 25<sup>th</sup> May, 2022, has fully pre-redeemed the NCDs and paid interest accrued as on the date of redemption to Axis Structured Credit AIF I. The NCDs were issued and allotted in previous financial year.

Further, the Company had allotted 750 unlisted, secured, 10%, Non-Convertible Debentures ("NCDs") of Rs.10 Lakhs each amounting to Rs.75 Crore for the tenure of 7 years during FY 2022-23. The Debentures were allotted to Piramal Structured Credit Opportunities Fund managed by Piramal Asset Management Private Limited, on private placement basis. The Company had timely paid the interest on the NCDs during the year under review and there was no principal amount or interest payment on NCDs due as on March 31, 2023.

The details of the Debenture Trustee are given below:

|                           |   |
|---------------------------|---|
| Name of Debenture Trustee | Piramal Trusteeship Services Private Limited  |
| Address                   | 4 <sup>th</sup> Floor, Piramal Tower Annexe, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Maharashtra 400 013 |
| Tel.                      | 022 – 3076 7767   |
| E-mail                    | sarita.iyer@piramaltrustee.com  |
| Website                   | www.piramaltrustee.com  |

### 4. Dividend:

During the year under review, the Board of Directors has not recommended any dividend on equity shares. The amount of profits has been retained for future requirement of the Company for investment in Project.

## 5. General Reserve:

No amount has been transferred to the General Reserve for the financial during the year. However, the Company has created a Debenture Redemption Reserve amounting to ₹ 75 Million.

## 6. Committees:

In view of the Initial Public Offering (IPO) and pursuant to SEBI (ICDR) Regulation 2018, the Company has duly constituted the following mandatory Committees in terms of the provisions of the Companies Act, 2013 & SEBI (LODR) Regulations 2015 read with rules framed thereunder viz.

- a. Audit Committee;
- b. Nomination and Remuneration Committee;
- c. Stakeholders' Relationship Committee;
- d. Corporate Social Responsibility Committee; and
- e. Risk Management Committee.

The Composition of all such Committees, number of meeting/(s) held during the year under review, brief terms of reference and other details have been provided in the Corporate Governance Report which forms part of this Annual Report. All the recommendations made by the Committees were accepted by the Board. The provisions applicable to Stakeholders' Relationship Committee and Risk Management Committee will be applicable once the Company gets listed.

## 7. Policies / Codes of the Company:

The list of Policies/Codes hosted on the website of the Company at "[www.esds.co.in](http://www.esds.co.in)" is given in Corporate Governance Report forming part of this report.

## 8. Subsidiaries:

The Company has 4 (four) subsidiaries (2 Indian and 2 Foreign) as on 31<sup>st</sup> March, 2023.

In accordance with Section 129(3) of the Act and as per Indian Accounting Standards (Ind AS) 110, the Company has prepared the Consolidated Financial Statements of the Company and all its subsidiaries and Associates, which form part of the Report.

A report on the financial position of each of the subsidiaries and associate as per the Companies Act, 2013 ('Act') as provided in Form **AOC-1** is attached to the Board Report as **Annexure I**.

Further, pursuant to the provisions of Section 136 of the Act, the standalone and consolidated financial statements of the Company along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company at [www.esds.co.in](http://www.esds.co.in).

## **9. Policy on Directors' Appointment and Remuneration and other Details:**

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report and is available on [www.esds.co.in/corporate-policies](http://www.esds.co.in/corporate-policies).

The Remuneration Policy has been also hosted on the website of the Company [www.esds.co.in](http://www.esds.co.in).

## **10. Directors and Key Managerial Personnel:**

The composition of the Board of Directors of the Company is in accordance with the provisions of Section 149 of the Companies Act 2013 ("the Act"), with an appropriate combination of Executive, Non-Executive and Independent Directors.

As on 31<sup>st</sup> March, 2023, the Board of Directors of your Company comprised of 2 (two) Executive Director and 3 (three) Non-Executive Directors out of which 2 (two) Non-executive Directors are Independent Directors. The details of Board and Committees composition, tenure of Directors, areas of expertise and other details are available in the Corporate Governance Report, which forms part of this Annual Report.

There have been the following changes in the Board of Directors during the financial year.

- a) Ms. Uma Mandavgane, Independent Director of the Company resigned from the office with effect from 20<sup>th</sup> May 2023 due to her pre-occupation.
- b) Mr. V. Ramesh Kumar Amudalapalli, Independent Director of the Company resigned from the office with effect from 18<sup>th</sup> January 2023 due to his pre-occupation.

The shareholders of the Company in their meeting held on 27<sup>th</sup> August 2021 had confirmed the above appointments of the Directors.

During the year under review, Mr. Sandeep Mehta, Chief Financial Officer and Mr. Aniket Khandelwal, Company Secretary of the Company resigned from the offices with effect from 19<sup>th</sup> May, 2022 and 15<sup>th</sup> June, 2022 respectively.

Further the Company has appointed Mr. Prasad Deokar as a Company Secretary and Compliance Officer of the Company with effect from 13<sup>th</sup> July 2022.

Furthermore, the Company has appointed Mr. Nadukuru Sita Ramaiah as Chief Financial Officer of the Company with effect from 31<sup>st</sup> October 2022.

In accordance with the Articles of Association of the Company and the provisions of the Section 152 of the Companies Act, Mr. Piyush Somani (DIN: 02357582) will retire by rotation at the ensuing 18<sup>th</sup> Annual General Meeting (“AGM”) and being eligible, has offered himself for re-appointment. The necessary resolutions for re-appointment of Mr. Piyush Somani has been included in the Notice of the forthcoming AGM for the approval of the members.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence; and all the Independent Directors have registered themselves pursuant to the Ministry of Corporate Affairs notification dated 01<sup>st</sup> December 2019 viz. the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019. There has been no change in the circumstances affecting their status as independent directors of the Company. Pursuant to Rule 8(5)(iii)(a) of the Companies (Accounts) Rules, 2014, in the opinion of the Board, the Independent Directors are competent, experienced, proficient and possess necessary expertise and integrity to discharge their duties and functions as Independent Directors.

None of the Company’s directors are disqualified from being appointed as a director as specified in Section 164 of the Act. For details about the directors, please refer to the Corporate Governance Report.

During the year under review, the non-executive independent directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission, reimbursement of expenses incurred by them for the purpose of attending meetings of the Board and its Committees and any other transactions as approved by the Audit Committee or the Board which are disclosed under the Notes to Accounts.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2023 are Mr. Piyush Somani–Managing Director; Ms. Komal Somani, Whole-time Director, Mr. Nadukuru Sita Ramaiah, Chief Financial Officer and Mr. Prasad Deokar, Company Secretary.

Post 31<sup>st</sup> March 2023 till the date of this report, Mr. Venkatesh Nataraj was appointed as Additional Director (Independent) on the Board of the Company with effect from 01<sup>st</sup> July 2023. His brief profile is enclosed in the section viz. “Brief Profile of our Directors”.

## **11. Number of Meetings of The Board**

The Board met 9 (Nine) times during the year under review. The details of board meetings and the attendance of the Directors is provided in the Corporate Governance Report, which forms part of this Annual Report.

## **12. Directors' Responsibility Statement**

Pursuant to Section 134(3)(c) read with read with Section 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge and belief hereby state and confirm that:

- a) In the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) The Directors have approved the accounting policies and the same have been applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a 'going concern' basis;
- e) Proper internal financial controls are followed by the Company and that such financial controls are adequate and are operating effectively; and Proper systems to ensure compliance with the provisions of all applicable laws are in place and such systems are adequate and operating effectively.

## **13. Familiarisation Programme for Independent Directors:**

The details are mentioned in the Corporate Governance Report which is a part of the report. The details of the Familiarisation Programme for Independent Directors of the Company are hosted on the website of the Company at [www.esds.co.in](http://www.esds.co.in).

The Board of Directors in its meeting held on 07<sup>th</sup> August 2021 had approved the policy for Familiarisation programmes for independent directors.

## **14. Auditors and Auditors' Reports:**

### **a) Statutory Auditors**

The Shareholders of the Company, pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, have appointed M/s. Shah

Khandelwal Jain & Associate, Chartered Accountants, Pune, (Firm Registration No.142740W), as the Statutory Auditors to hold office from Fifteenth (15<sup>th</sup>) Annual General Meeting ('AGM') of the Company held for FY 2019-20 till the conclusion of the Twentieth (20<sup>th</sup>) Annual General Meeting to be held for FY 2024.25. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

There have been no instances of fraud reported by the Statutory Auditors under Section 143 (12) of the Companies Act, 2013 and the Rules framed thereunder either to the Company or to the Central Government.

The Auditors' Report on Standalone Financial Statements ("SFS") and Consolidated Financial Statements ("CFS") for the financial year 2022-23 do not contain any qualification, reservation or adverse remark.

#### **b) Cost Auditors**

The maintenance of cost records as specified by the Central Government under Sub-Section (1) of Section 148 of the Companies Act, 2013, does not apply to the Company.

#### **c) Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. S. R. Khandelwal & Co., Practising Company Secretaries, Pune, to conduct the Secretarial Audit of your Company. The Secretarial Audit Report is annexed herewith as **Annexure - III** to the Board's Report.

There are no observations / remarks or qualifications in the Secretarial Audit Report for FY2022-23.

#### **d) Internal auditors:**

M/s. Kirtane & Pandit LLP, Chartered Accountants had been appointed as Internal Auditors of the Company for FY 2022-23 and the reports of Internal Auditors were reviewed by the Audit Committee from time to time at the meetings of Audit Committee. The observations and suggestions of the Internal Auditors were reviewed and necessary corrective/preventive actions were taken in consultation with the Audit Committee.

## **15. Deposits from public:**

During the financial year 2022-23, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

## **16. Particulars of Loans, Investments, Guarantees:**

The Company has complied with the provisions of Section 185 & 186 of the Act with respect to granting loans, making investments and providing guarantees & securities to its subsidiaries. Details of the same are referred in the standalone financial statements as on March 31, 2023.

## **17. Related Party Transactions:**

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its approval and reviewed on regularly basis.

The policy on Related Party Transactions is available in Company's website, [www.esds.co.in](http://www.esds.co.in).

During the financial year 2022-23, your Company entered into transactions with related parties as defined under Section 2(76) of the Act read with the Companies (Specification of Definitions Details) Rules, 2014, which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Act, Rules issued thereunder and Regulation 23 of the LODR 2015. Further, other suitable disclosures as required under IND AS - 24 have been made in the Notes to the financial statements.

During the financial year 2022-23, there were no materially significant Related Party Transactions entered by the Company with Promoters, Directors, Key Managerial Personnel, which may have a potential conflict with the interest of the Company.

There are no material related party transactions which are not in ordinary course of business or which are not on arm's length basis and hence particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act and Regulation 23 of the Listing Regulations, along with the justification for entering into such a contract or arrangement in Form AOC-2, does not form part of the Directors' Report.

## **18. Annual Return:**

Pursuant to the requirement under Section 92(3) of the Companies Act, 2013, copy of the annual return can be accessed on our website at <https://www.esds.co.in/investors/pdf/Annual-Return-FY-23.html>

## **19. Internal Financial Control and Its Adequacy:**

The Company has a proper and adequate internal control system. This ensures that all transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. The Company has an effective internal control and risk mitigation system, which is reviewed and constantly updated. The internal controls including the internal financial control of the Company are managed and reviewed by the Audit Committee and apart from the staff employed by the Company, the Company has also appointed independent Internal Auditors to review and monitor the internal financial controls and their adequacy.

The Internal Financial Controls of the Company are adequate and commensurate with the size and nature of business of the Company. An extensive programme of internal audits and management reviews supplement the process of the Internal Financial Control framework. Properly documented policies, guidelines and procedures have been laid down for this purpose. The Internal Financial Control framework has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and maintaining asset accountability. In addition, the Company has identified and documented the risks and controls for each process that links to financial operations and reporting.

The Board is of the opinion that the Company has a process in place to continuously monitor the existing controls and identify gaps, if any, and implement new and /or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

## **20. Whistle Blower Policy:**

Your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Accordingly, the Company has adopted a whistle blower / vigil mechanism policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and Regulations 22 of the SEBI (LODR) Regulation 2015 and has established the necessary vigil mechanism for employees and Directors to report concerns about unethical or improper activity. No person has been denied access to the Chairman of the Audit Committee. The Audit Committee monitors and reviews the investigations of the whistle blower complaints.

No complaints/ instance of fraud, unethical behavior or improper activities were reported through the whistle blower mechanism.

The policy is available on the website of the Company and can be viewed on: <https://www.esds.co.in/investors/investors-pdf/Whistle-Blower-Policy.pdf>

## **21. Risk Management Policy:**

Your Company recognizes that risk is an integral part of business and is committed to manage the risk in a proactive and efficient manner. The Company has in place a proper internal Risk Management system to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis by following the principles of Risk Matrix. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company on regular basis.

There are no risks which in the opinion of the Board of Directors affect the Company's Operations on a going concern basis.

## **22. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The following is a summary of sexual harassment complaints received and disposed off during the year 2022-23:

|  |       |
|--|-------|
| No. of complaints at the beginning of the year 2022-23 | : NIL |
| No. of complaints received during the year 2022-23     | : NIL |
| No. of complaints disposed off during the year 2022-23 | : NIL |
| No. of complaints at the end of the year 2022-23       | : NIL |

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with the Rules thereunder, it is hereby declared that the Company has not received any complaint of sexual harassment during the year under review.

## **23. Corporate Governance:**

The report on Corporate Governance forms an integral part of the report. The Company follows the best practices for the Corporate Governance. The Company though not listed, still follows the process and practices prescribed under the SEBI (LODR) 2015.

#### **24. Corporate Social Responsibility:**

As per the requirements of Section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibility (“CSR”) your Company has duly constituted a Corporate Social Responsibility Committee (“CSR Committee”). The composition and terms of reference of the CSR Committee are provided in Corporate Governance Report. The Company has framed Corporate Social Responsibility policy, amended from time to time, which is available at [www.esds.co.in](http://www.esds.co.in).

The Company was required to spend Rs.20.30 Lakhs on CSR activities for FY 2022-23. The Company had spent over and above the required amount during FY 2022-23.

The CSR activities for the financial year ended March 31, 2023 along with the composition of CSR Committee is set out in **Annexure II** to the Board’s Report.

#### **ESDS’s Corporate Social Responsibility (CSR):**

Being able to manage all this on a cross platform level is a great contribution by ESDS. With our humanitarian initiatives focus on creating shared value for our employees, the society & for ESDS as a whole. Getting ESDSians involved in the communities where they work or live definitely has a powerful and positive impact on employee lives, the society & the business.

Our leaders show personal commitments in such activities and take efforts to build the commitment across organizational level.

Our employees have a better view of ESDS because we encourage giving back. This has helped us to drive both employee engagement and employee morale which improves performance and retention. All our CSR activities have huge involvement of our staff. Our CSR efforts range from donating money to nonprofits organizations to implementing environmentally-friendly policies in the workplace.

#### **25. Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

The information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as stipulated under section 134 of the Act read with the Companies (Accounts) Rules, 2014 is as follows:

##### **Conservation of Energy:**

| Sr. No. | Particulars   | Remarks   |
|---------|---|---|
| (i)     | Steps that impact energy conservation                               | <p>The Company has always actively promoted eco-friendly and green initiatives. It continues to work on reducing its carbon footprint, conserving energy, and using energy generated from alternative sources wherever possible. The austerity of our commitment towards eco-conservation can be observed in our infrastructure itself. From carefully selected building materials to unique power-saving systems, we have ensured that we keep our operations and premises as a contributing factor in maintaining the environmental equilibrium.</p>  |
| (ii)    | Steps taken by the Company for utilizing alternate source of energy | <p>The Data Center structure has been built using Cellular Lightweight Concrete (CLC) Blocks commonly known as Fly-Ash Bricks.</p> <p>The building has a well-planned rainwater harvesting architecture contributing towards ground water table recharging.</p> <p>We have a dual air-conditioning system deployed on the workstation floor. The conventional central air-conditioner only operates 3-4 months a year. For the rest of the year, a unique concept of fresh air intake system has been integrated which has 1/6th power consumption compared to the conventional central air-conditioning.</p> <p>Our Data Center floor is cushioned between other 2 floors, which has helped us to reduce sensible heat load from top as well as bottom. This floor also has cavity wall from all 4 sides with distance of 4 ft between both the walls. Both walls are made up of Fly Ash Bricks.</p> <p>A well-designed structure of Sun Louvers</p> |

|       |   |  |
|-------|---|--|
|       |   | across the entire building guarantees minimized direct sun light penetrating into the building, thus reducing the energy required for air-conditioning |
| (iii) | The capital investment on energy conservation equipment | Nil  |

**Technology Absorption, Adoption and Innovation, Efforts made, Benefits derived, Import of Technology:**

We are an innovation driven Company. In our industry, we are one of the few data center and cloud services provider that has its own R&D team. Through our R&D initiatives, we had developed our vertically auto scalable cloud, which is patented in the USA and the UK. Our Company was the first Company to offer a true Make in India cloud in the nation in year 2011 when the nation only knew virtualization. Over the years, our R&D team has developed several products that complement our data center and cloud business, which include (a) "eNlight cloud" – a patented vertical auto scalable cloud, which forms the base of our community cloud; (b) "eMagic" – a comprehensive data center management and monitoring suite; (c) "VTMscan" – a vulnerability scanner, which is a computer program designed to assess computers, networks or applications for known weaknesses; (d) "eNlight WAF" – a web access firewall; (d) Web VPN – for secure connectivity; (e) "eCOS" – for object storage; (f) "eNlight IoT" – an indigenously developed IoT platform running on the eNlight Cloud; (g) "eNlight Meet" – a communications solution for virtual meetings; (h) "eNlight SIEM" – for incident and event management; (i) "AA+" – an artificial intelligence/machine learning based lung disease detection through X-Ray scan; (j) "eNlight DRM" – a disaster recovery monitoring solution; and (k) "eNlight360" – a hybrid cloud orchestration solution. We are committed to innovation and are focused on creating more niche and cost-effective technology products and solutions, which is our contribution towards "Atmanirbhar Bharat".

**Foreign exchange earnings and outgo:**

The particulars relating to foreign exchange earnings earned in terms of actual inflow during the year and the Foreign Exchange Outgo during the year under review are mentioned in Financial Statements.

**26. Particulars of Employees:**

During the year under review there are no such employees of the Company, who were drawing salary in excess of the limits specified u/s 197 of the Act read with rules made thereunder and Schedule V of the Act.

The details as per Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company, being Unlisted Company.

### **Employee Stock Option Scheme – ESDS ESOP 2021:**

The Company instituted the ESDS ESOS 2021 pursuant to resolutions passed by the Board and the Shareholders, each dated 7<sup>th</sup> August 2022 and 9<sup>th</sup> August 2022 and amended on 27<sup>th</sup> August 2021. The ESDS ESOS 2021 is compliant with the SEBI SBEB Regulations.

Pursuant to a resolution passed by the Board and Shareholders, the total number of options that can be granted under ESDS ESOS 2021 is 22,00,000 (“Total Pool”). Under the said Scheme ESDS Employees Benefit Trust (ESOP Trust) was set up for the benefit of eligible employees identified as per the ESDS ESOP 2021. As committed, Mrs. Sarla Somani, member of the Promoter Group contributed 22,00,000 Equity Shares of Rs.1/- each to ESOP Trust. Thereafter, 1,82,094 equity shares of Rs.1/- each were allotted to the ESOP Trust on Right Basis on 12<sup>th</sup> December 2022. Accordingly, 23,82,094 equity shares of Rs.1/- each in aggregate are held by ESOP Trust for the benefit of eligible employees.

Pursuant to a resolution passed by the Nomination and Remuneration Committee dated 30<sup>th</sup> August, 2021, 20,45,000 options were granted out of the total pool to certain employees of the Company, including certain Key Managerial Personnel, under ESDS ESOS 2021 at an option price of Rs.65/- per option to 121 eligible employees. The options granted had a vesting period of 1 year as per the provisions of SEBI SBEB Regulations. Accordingly, the eligible employees can exercise their 50% of the options granted on or after 30<sup>th</sup> August 2022.

ESDS ESOP 2021 is administered by the ESOP Trust. Pursuant to a shareholders’ resolutions dated 7<sup>th</sup> August, 2021 and 27<sup>th</sup> August 2021, the Board of Directors in its meeting held on 3<sup>rd</sup> December 2021 approved the grant unsecured loan of up to Rs.2,00,000/- (INR Two Lakh only) at an interest of 7% per annum to ESOP Trust, in one or more tranche(s), to be utilized for the purpose of purchasing the Equity Shares of our Company under ESDS ESOS 2021, and such shares to be allocated to the employees of our Company upon the exercise of options under ESOS 2012.

### **The details of ESOS 2021 as on 31st March 2023 are as follows:**

- a) Options granted: 20,45,000
- b) Options vested during the year: Nil
- c) Options exercised during the year: Nil
- d) The total number of shares arising as a result of exercise of option during the year:  
Nil
- e) Options lapsed during the year: 3,88,000

- f) The exercise price (as on the date of grant of options): Rs.65/- per option.
- g) Variation of terms of options: NIL
- h) Money realized by exercise of options during the year: Nil
- i) Total number of options in force as on March 31, 2023: 13,75,000.

## **27. Insurance:**

The Company's plant, property, equipment and stocks are adequately insured against major risks. The Company has appropriate liability insurance. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

## **28. Declaration of Compliance with the Code of Conduct / Ethics:**

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated and adopted a Code of Conduct for prohibition and prevention of Insider Trading for its designated employees. The code lays down Guidelines and procedures to be followed and disclosures to be made while dealing with equity shares of the Company post listing of the shares on BSE and NSE.

## **29. Statement on Material Changes & Commitments:**

There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year 2022-23 and the date of this Report.

## **30. Statement on Material and Significant Orders Passed By Regulators & Courts:**

No significant and material orders have been passed by any regulators or courts or tribunals against the Company impacting the going concern status and Company's operations in future.

## **31. Compliance With Secretarial Standards**

Your Company is in compliance with the applicable Secretarial Standards, issued by the Institute of Company Secretaries of India.

## **32. ACKNOWLEDGMENTS:**

The Company thanks its customers, bankers and service providers for their continued support during the year. The Company places on record its appreciation for the contribution made by its employees at all levels. Its success was made possible by their hard work, loyalty, cooperation and support.

The Company thanks the Government of India, particularly the Ministry of Communication and Information Technology, the Ministry of Commerce, the Ministry of Finance, the Ministry of Corporate Affairs, the Customs and Excise departments, the Income Tax Department, the Reserve Bank of India, the State Governments, Madras Export Processing Zone (MEPZ) and other government agencies for their support, and looks forward to their continued support in the future. The Company also thanks the Governments of the countries where it has operations.

The Directors wish to record their appreciation of business constituents like SEBI, NSE, BSE, NSDL, CDSL, etc., for their continued support for the Company's growth. The Directors also thank investors for their continued faith in the Company.

For and on behalf of Board of Directors

**ESDS Software Solution Limited**

Sd/-

**(Piyush S. Somani)**

Chairman and Managing Director

DIN: 02357582

Place: Nashik

Date: September 05, 2023



## Report on Corporate Governance

### A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

ESDS Software Solution Limited ("the Company / ESDS") is committed to maintaining high standards of Corporate Governance, protecting Customers', Shareholders', and other Stakeholders' interests for long term as we operate with a commitment to integrity, fairness, equity, transparency, accountability and commitment to values. In line with this philosophy, the Company endeavours to maintain transparency at all levels through adoption of best Corporate Governance Practices. Your Company is committed to follow the best Corporate Governance practices not only to ensure success in business, but also for maximizing value for all the stakeholders, be it Members, investors, clients or employees. The trust of the stakeholders is built by maintaining the highest ethical standards, transparency and accountability. The Directors and Management of your Company continue to be committed to adhering to the best governance standards and to comply with the regulatory requirements in the true spirit and beyond the letter of law.

Collective consciousness of the Company to excel in all management practices to enable resource maximization in an all-encompassing manner for society in entirety is the hallmark of governance at ESDS. Our corporate governance is a reflection of our value system and cultural pillars. Through effective corporate governance, our Board seeks to embed and sustain a culture that will enable ESDS to fulfil its purpose and achieve its long-term strategic objectives, by building durable partnerships and upholding its core values. As a good corporate citizen, the Company is dedicated towards following the global best practices built through conscience, fairness, transparency and accountability in building confidence of its various stakeholders in it, thereby paving the way for its enduring success.

Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance in accordance with the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013, pertaining to the constitution of the Board and committees thereof.

As on the date of this Annual Report, we have six Directors on our Board, of whom two are Executive Directors, one is a non-executive Nominee Director and three are Independent Directors including one independent women Director.

The following is a report on the status and progress on the major aspects of Corporate Governance.

## **B. BOARD OF DIRECTORS**

### **(i) Board Membership Criteria**

The members of the Board of Directors of your Company possess the required expertise, skills and experience to effectively manage and direct your Company to attain its organizational goals. They are the persons with vision, leadership qualities, proven competence and integrity and with a strategic bent of mind.

Each member of the Board of Directors of your Company ensures that his/her personal interest does not run in conflict with your Company's interests. Moreover, each member uses his/her professional judgment to maintain both the substance and appearance of independence and objectivity.

### **(ii) Composition of the Board**

The composition of the Board of Directors of the Company is in accordance with the provisions of Section 149 of the Companies Act 2013 ("the Act"), with an appropriate combination of Executive, Non-Executive and Independent Directors. The number of Independent Directors comprises equal to 50% of the total strength of the Board including a Woman Director. The Board of Directors is chaired by Executive Promoter Chairman-cum-Managing Director

None of the Independent Directors have any other material pecuniary relationship or transaction with the Company, its Promoters, or Directors, or Senior Management which, in their judgement, would affect their independence. It is hereby confirmed that in the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and are independent of the management. Further, the Independent Directors have also registered their names in the Data bank maintained by the Indian Institute of Corporate Affairs as mandated in the Companies (Appointment and Qualification of Directors), Rules, 2014 as amended.

The Board of Directors comprises of professionals drawn from diverse fields who bring with them a wide range of skills and experience to the Board, which enhances the quality of Board decision making process. All the Directors of the Company are experienced professionals having knowledge covering wide range of subjects including those of Information technology, Banking solutions, Consumer Banking, Financial Services, Banking outsourcing operations, Governance and the related regulatory issues of the business.

The Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 read with rules issued there under.

As of the date of this report, Ms. Uma Mandavgane (DIN: 03156224) and Mr. V. Ramesh Kumar Amudalapalli (DIN: 09240436), Independent Directors resigned from the Board of

Directors effective from 20<sup>th</sup> May 2022 and 18<sup>th</sup> January 2023 respectively due to their pre-occupation with new professional assignment.

Pursuant to the resignation of Mr. V. Ramesh Kumar Amudalapalli, the Company has appointed Mr. Venkatesh Natarajan as Additional Director (Independent) on the Board of Directors of the Company for maintaining the equal balance of Independent Directors and Non-independent Directors.

None of the Directors is a member of more than ten Board level Committees or Chairman of more than five Committees across companies in which he/she is a Director. Relevant details of the Board as on 31st March, 2023 are given below.

| <b>Name of Director</b>                  | <b>Category of Director</b>                       | <b>Relationship with other Directors</b>                | <b>#No. of Directorships in other companies</b> | <b>*No. of other Board Committee(s) of which he / she is a Member</b> | <b>*No. of other Board Committee(s) of which he / she is a Chairperson</b> |
|--|---|---|---|---|--|
| Piyush Somani<br>(DIN:<br>02357582)      | Promoter,<br>Executive and<br>Non-<br>independent | Spouse of<br>Komal<br>Somani -<br>Executive<br>Director | 2   | 0   | 0  |
| Komal Somani<br>(DIN:<br>08477154)       | Executive and<br>Non-<br>independent              | Spouse of<br>Piyush<br>Somani-<br>Executive<br>Director | 1   | 0   | 0  |
| Alipt Sharma<br>(DIN:<br>03128439)       | Non-<br>Executive and<br>Non-<br>independent      | None  | 3   | 0   | 0  |
| Pamela Kumar<br>(DIN: 07616165)          | Non-<br>Executive and<br>Independent              | None  | 0   | 0   | 0  |
| T.G.<br>Dhandapani<br>(DIN:<br>09239677) | Non-<br>Executive and<br>Independent              | None  | 0   | 0   | 0  |

\*This includes chairmanship/membership of Audit Committee and Stakeholders Relationship Committee in other Companies.

# Number of Directorships held excludes Foreign Companies and Sec. 8 Companies, if any.

The internal guidelines for Board / Committee meetings facilitate the decision making process at the meetings of the Board/Committees in an informed and efficient manner.

The Board Meetings are governed by the structured agenda. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Company Secretary, in consultation with the Senior Management, prepares the detailed agenda for the meetings. Agenda papers and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is circulated along with Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

In order to transact some urgent business, which may come up after circulation of agenda papers, the same is placed before the Board by way of Table Agenda or Chairman's Agenda. Frequent and detailed deliberation on the agenda provides the strategic roadmap for the future growth of the Company.

Minimum 4 (four) pre-scheduled Board meetings are held every year. Apart from the above, additional

Board meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are also passed by way of circulation.

Detailed presentations are made at the Board / Committee meetings covering finance and operations of the Company, global business environment, all business areas of the Company including business opportunities, business strategy and the risk management practices. The important decisions taken at the Board / Committee meetings are communicated to departments concerned promptly.

The skills, expertise and competencies of the Directors as identified by the Board, are provided hereunder. The Company has identified the Directors who possess these skills, expertise and competencies in the present mix of the Directors of the Company.

| Sr. No. | Skill / expertise / competence   | Name of the Director possessing such skill/expertise                                      |
|---------|--|---|
| 1       | <p><b>Organisational Purpose</b></p> <p>Ability to recognize / identify the socio-economic, political, regulatory and competitive environment, both domestic and global, in which the Company is operating and insight to identify opportunities and threats for the Company's businesses. Ability to contribute towards creating an inspiring Vision for the Company.</p>   | Piyush Somani   |
| 2       | <p><b>Strategic Insight</b></p> <p>Ability to evaluate competitive corporate and business strategies and based thereon, contribute towards progressive refinement of the Company's strategies for fulfilment of its goals. Ability to comprehend strategy of organisation of the Company, in the context of its sources of competitive advantage and assess its strengths and weaknesses.</p>  | Piyush Somani;<br>T.G. Dhandapani;<br>Pamela Kumar;<br>Venkatesh Natarajan                |
| 3       | <p><b>Organisational Capacity Building</b></p> <p>Expertise to evaluate organisational capacity and readiness across relevant parameters and provide guidance on bridging gaps in capacity building. Ability to understand the talent market and the Company's talent quotient so as to help finetune strategies to attract, retain and nurture competitively superior talent.</p> <p>Ability to appreciate and critique the need for in-depth specialization across business-critical areas such as manufacturing, marketing, legal, information technology, public advocacy etc., as well as the breadth of general management capabilities.</p> | Komal Somani;<br>Alipt Sharma;<br>T.G. Dhandapani;<br>Pamela Kumar<br>Venkatesh Natarajan |
| 4       | <p><b>Stakeholder Value Creation</b></p> <p>Ability to understand processes for shareholder value creation and its contributory elements and critique interventions towards value creation for the other stakeholders.</p>   | Alipt Sharma;<br>T.G. Dhandapani;<br>Pamela Kumar;  |

|   |   |  |
|---|---|--|
| 5 | <p><b>Commercial Acumen</b></p> <p>Commercial acumen to critique the Company's financial performance and evaluate the Company's strategies and action plans in the context of their financial outcomes.</p>   | <p>Piyush Somani;<br/>Alipt Sharma;<br/>T.G. Dhandapani;<br/>Pamela Kumar;<br/>Venkatesh<br/>Natarajan</p>                   |
| 6 | <p><b>Risk Management and Compliance</b></p> <p>Ability to appreciate key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation &amp; compliance management and review and refine the same periodically.</p>  | <p>Piyush Somani;<br/>T.G. Dhandapani;<br/>Pamela Kumar;<br/>Venkatesh<br/>Natarajan</p>                                     |
| 7 | <p><b>Policy Evaluation</b></p> <p>Ability to comprehend the Company's governance philosophy and contribute towards its refinement periodically. Ability to evaluate policies, systems and processes in the context of the Company's businesses, and review the same periodically.</p>  | <p>Piyush Somani;<br/>Komal Somani;<br/>T.G. Dhandapani;<br/>Pamela Kumar;<br/>Venkatesh<br/>Natarajan</p>                   |
| 8 | <p><b>Culture Building</b></p> <p>Ability to contribute to the Board's role towards promoting an ethical organizational culture, eliminating conflict of interest, and setting &amp; upholding the highest standards of ethics, integrity and organizational conduct.</p>   | <p>Piyush Somani;<br/>Komal Somani;<br/>Alipt Sharma;<br/>T.G. Dhandapani;<br/>Pamela Kumar;<br/>Venkatesh<br/>Natarajan</p> |
| 9 | <p><b>Board Structure</b></p> <p>Ability to comprehend the statutory roles and responsibilities of a Director and of the Board as a whole. Ability to encourage and sustain a cohesive working environment and to listen to multiple views and thought processes and synergies a range of ideas for organizational benefit.</p> | <p>Piyush Somani;<br/>Komal Somani;<br/>Alipt Sharma;<br/>T.G. Dhandapani;<br/>Pamela Kumar;<br/>Venkatesh<br/>Natarajan</p> |

### (iii) Board Meetings / General Meeting

During the financial year 2022-23, the Board of Directors of your Company met Nine (9) times and one (1) adjourned meeting, on the dates mentioned in below table. None of the meetings of Board of Directors was held with a gap of more than 120 days.

| Sr. No. | Date of Board Meetings |
|---------|------------------------|
| 1       | 08.04.2022             |
| 2       | 05.05.2022             |
| 3       | 26.05.2022             |
| 4       | 12.08.2022             |
| 4       | 16.08.2022 (Adjourn)   |
| 5       | 22.09.2022             |
| 6       | 10.10.2022             |
| 7       | 31.10.2022             |
| 8       | 07.11.2022             |
| 9       | 04.03.2023             |

During the financial year 2022-23, four (4) Extra-ordinary General Meetings (“EOGM”) were held on the dates mentioned in below table to seek necessary approvals of members of the Company.

| Sr. No. | Date of General Meetings |
|---------|--------------------------|
| 1       | 25.04.2022               |
| 2       | 09.05.2022               |
| 3       | 10.10.2022               |
| 4       | 01.11.2022               |

During the year under review, the Annual General Meeting of the Financial Year ended on March 31, 2022 was held on 30<sup>th</sup> September, 2022.

Details regarding the attendance of the Directors at the Board Meetings and the Annual General Meeting held during the financial year 2022-23 are presented in the following table:

| Name of the Director                        | No. of Meetings held | No. of Board Meetings Attended | Whether AGM 2022 Attended (Yes/No/N.A.) |
|---|----------------------|--------------------------------|---|
| Piyush Somani                               | 9                    | 9                              | Y                                       |
| Komal Somani                                | 9                    | 9                              | Y                                       |
| Alipt Sharma                                | 9                    | 9                              | N                                       |
| T.G. Dhandapani                             | 9                    | 9                              | N                                       |
| V. Ramesh Kumar Amudalapalli <sup>(1)</sup> | 8                    | 8                              | N                                       |
| Pamela Kumar                                | 9                    | 9                              | N                                       |
| Uma Mandavgane <sup>(2)</sup>               | 2                    | 1                              | N                                       |

- (1) Mr. V. Ramesh Kumar Amudalapalli resigned as Director of the Company effective from 18<sup>th</sup> January 2023;
- (2) Ms. Uma Manoj Mandavgane resigned as Director of the Company effective from 20<sup>th</sup> May 2022.

#### **(iv) Membership Term**

As per Articles of Association, at every Annual General Meeting, one-third of the Directors excluding Independent Directors, for the time being are liable to retire by rotation or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from the office, eligible for re-appointment.

The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment. However, as between persons who became Director on the same day and those who are to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-appointment.

The Independent Directors' appointment/re-appointment will be for a maximum period of term of Five (5) consecutive years as per the provisions of the Act.

Mr. T. G. Dhandapani and Ms. Pamela Kumar has been appointed for the first term of consecutive five (5) years from 28<sup>th</sup> July 2021.

None of the Independent Directors of the Company has attained age of 75 years. All the Independent Directors have registered themselves in accordance with the provisions of the Companies Act, 2013 by notification of Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019.

#### **(v) Code of Conduct**

Your Company's Board of Directors has prescribed a Code of Conduct for all Board Members and the Company's Senior Management. The Code of Conduct is available on your Company's website [www.esds.co.in](http://www.esds.co.in)

All the Board Members and the Senior Management personnel of your Company have affirmed their compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2022. A declaration to this effect as signed by the Managing Director forms part of the report.

## C. BOARD COMMITTEES

In view of the Company's Initial Public Offer ("IPO") and complying with the regulations of SEBI LODR 2021, the Company has constituted below mentioned committees Further in compliance with the mandatory requirements under Regulation 17 of the LODR 2015 and the applicable laws except Corporate Social Committee, which was already constituted;

- i) Audit Committee;
- ii) Nomination and Remuneration Committee;
- iii) Stakeholders' Relationship Committee;
- iv) Corporate Social Responsibility Committee; and
- v) Risk Management Committee.

The Chairman of the Board, in consultation with the Company Secretary and the respective Chairman of these Committees, determines the frequency of the meetings of these Committees. The recommendations of the Committees are submitted to the Board for approval. The Board of Directors has also adopted the various policies in line with the SEBI LODR 2015 and the Act for the effective and defined functioning of the respective Committees of the Board. The Stakeholders' Relationship Committee and Risk Management Committee will be effective from the listing of the Company.

### Audit Committee

The composition of the Audit Committee is in line with the provisions of section 177 of Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and Listing Regulations. The representatives of the Statutory Auditors and Internal Auditors are invitees to the Audit Committee Meetings. The Committee also invites such of the directors, executives and concerned consultants as it considers appropriate to attend the Audit Committee Meetings. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

### The composition of the committee as on the date of this report is as follows:

| Sr. No. | Name                    | Designation                     |
|---------|-------------------------|---------------------------------|
| 1       | Mr. T.G. Dhandapani     | Chairman (Independent Director) |
| 2       | Mr. Pamela Kumar        | Member (Independent Director)   |
| 3       | Mr. Venkatesh Natarajan | Member (Independent Director)   |

The Company Secretary of the Company acts as the Secretary of the Committee:

The terms of reference of the Audit Committee were approved by Board of Directors on 28<sup>th</sup> July 2021. The brief terms of reference of the Audit Committee, inter alia, include;

- i. Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;
- iii. Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act;
  2. Changes, if any, in accounting policies and practices and reasons for the same;
  3. Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
  4. Significant adjustments made in the financial statements arising out of audit findings;
  5. Compliance with listing and other legal requirements relating to financial statements;
  6. Disclosure of any related party transactions; and
  7. Qualifications / modified opinion(s) in the draft audit report.
- v. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- vi. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- viii. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
- ix. Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

- x. Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- xi. Scrutiny of inter-corporate loans and investments;
- xii. Valuation of undertakings or assets of the company, wherever it is necessary;
- xiii. Evaluation of internal financial controls and risk management systems;
- xiv. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xv. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xvi. Discussion with internal auditors of any significant findings and follow up there on;
- xvii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xviii. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xix. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xx. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- xxi. Reviewing the functioning of the whistle blower mechanism;
- xxii. Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
- xxiii. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws;
- xxiv. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;
- xxv. Monitoring the end use of funds through public offers and related matters;
- xxvi. Overseeing a vigil mechanism established by the Company, providing for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee for directors and employees to report their genuine concerns or grievances; and
  - Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  - Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision;

- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders; and;
- Such roles and functions as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Audit Committee has also power inter alia to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

The Committee also reviews information prescribed under Regulation 18(3) of the LODR 2015. Information to be reviewed mandatorily by Audit Committee, inter alia, includes:

- I. Management discussion and analysis of financial condition and results of operations;
- II. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;
- III. Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;
- IV. Internal audit reports relating to internal control weaknesses;
- V. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
- VI. Statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Reg. 32(1) of the SEBI Listing Regulations;
  - annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Reg. 32(7) of the SEBI Listing Regulations;
  - review the financial statements, in particular, the investments made by any unlisted subsidiary

The Company Secretary is the Compliance Officer.

The detailed terms of reference of Audit Committee are available on your Company's website [www.esds.co.in](http://www.esds.co.in).

During the financial year 2022-23, the members of the Audit Committee duly five (5) time on the following dates.

| <b>Sr. No.</b> | <b>Date of Meetings</b> |
|----------------|-------------------------|
| 1              | 08.04.2022              |
| 2              | 21.09.2022              |
| 3              | 31.10.2022              |
| 4              | 25.11.2022              |
| 5              | 04.03.2023              |

The following table presents the details of attendance at the Audit Committee meetings held during the financial year 2022-23.

| <b>Name of the Member</b>                       | <b>No. of meetings held</b> | <b>No. of Meetings Attended</b> |
|---|-----------------------------|---------------------------------|
| Ms. Uma Mandavgane <sup>(1)</sup>               | 1                           | 1                               |
| Mr. V. Ramesh Kumar Amudalapalli <sup>(2)</sup> | 4                           | 4                               |
| Mr. T.G. Dhandapani                             | 5                           | 5                               |
| Ms. Pamela Kumar                                | 4                           | 4                               |
| Mr. Piyush Somani                               | 1                           | 1                               |

(1) Ms. Uma Mandavgane resigned as Director of the Company effective from 20<sup>th</sup> May 2022;

(2) Mr. V. Ramesh Kumar Amudalapalli resigned as Director of the Company effective from 18<sup>th</sup> January 2023.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Board of Directors of your Company consists of the following Members as on 31<sup>st</sup> March, 2023:

| <b>Sr. No.</b> | <b>Name</b>         | <b>Designation</b>              |
|----------------|---------------------|---------------------------------|
| 1              | Mr. Dhandapani T.G. | Chairman – Independent Director |
| 2              | Mr. Alipt Sharma    | Member – Independent Director   |
| 3              | Ms. Pamela Kumar    | Member – Independent Director   |

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2022-23 three (3) meetings of the Committee were held on below dates.

| <b>Sr. No.</b> | <b>Date of Meetings</b> |
|----------------|-------------------------|
| 1              | 08.04.2022              |
| 2              | 12.08.2022              |
| 3              | 28.10.2022              |

The details of attendance at the Nomination and Remuneration Committee meetings held during the financial year 2022-23.

| <b>Name of the Member</b>           | <b>No. of meetings held</b> | <b>No. of Meetings Attended</b> |
|-------------------------------------|-----------------------------|---------------------------------|
| Dhandapani T.G.                     | 3                           | 3                               |
| Uma Manoj Mandavgane <sup>(1)</sup> | 1                           | 1                               |

|              |   |   |
|--------------|---|---|
| Pamela Kumar | 3 | 3 |
| Alipt Sharma | 2 | 2 |

- (1) Ms. Uma Manoj Mandavgane resigned as Director of the Company effective from 20<sup>th</sup> May 2022.

The terms of reference of the Nomination and Remuneration Committee were approved by Board of Directors on 28<sup>th</sup> July 2021 in view of amendments in SEBI LODR 2015. The terms of reference of the Nomination and Remuneration Committee are available on the website of the Company [www.esds.co.in](http://www.esds.co.in)

The relevant extract of the terms of reference of Nomination and Remuneration Committee are as follows:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- a) The level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- ii. Formulation of criteria for evaluation of performance of independent directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- v. Analysing, monitoring and reviewing various human resource and compensation matters;
- vi. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

- vii. Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);
- viii. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- ix. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- x. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (the “SBEB Regulations”), as may be amended from time to time;
- xi. For every appointment of an independent director, evaluate the balance of skills, knowledge and experience on the board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the committee may (a) use the services of an external agencies, if required; (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and (c) consider the time commitments of the candidates;
- xii. Administering any employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan (“ESOP Scheme”) including the following:
  - a) Determining the eligibility of employees to participate under the ESOP Scheme;
  - b) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
  - c) Date of grant;
  - d) Determining the exercise price of the option under the ESOP Scheme;
  - e) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
  - f) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
  - g) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
  - h) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - i) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
  - j) The grant, vest and exercise of option in case of employees who are on long leave;
  - k) Allow exercise of unvested options on such terms and conditions as it may deem fit;

- l) formulate the procedure for funding the exercise of options;
  - m) The procedure for cashless exercise of options;
  - n) Forfeiture/ cancellation of options granted;
  - o) formulate the procedure for buy-back of specified securities issued under the SBEB Regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
    - permissible sources of financing for buy-back;
    - any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
    - limits upon quantum of specified securities that the Company may buy-back in a financial year.
- xiii. Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:
- a) The number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
  - b) For this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and
  - c) The vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
- xiv. Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;
- xv. Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
- a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
  - b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended, by the Company and its employees, as applicable.
- xvi. Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.”

- xvii. Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Company has framed a Nomination and Remuneration policy in accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations and consistent with the goals of the Company which inter alia includes Company's Policy on Board Diversity, selection, appointment and remuneration of Directors, criteria for determining qualifications, positive attributes, independence of a Director and also framed an Evaluation policy in terms of the requirement of Section 178 of the Act.

### **Framework for Performance Evaluation of Independent Directors and the Board:**

The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of the Chairman, the Board, Board committees, and executive / non-executive / independent directors through peer evaluation, excluding the director being evaluated.

The evaluation process was based on the affirmation received from the independent directors that they met the independence criteria as required under the Companies Act, 2013 and the Listing Regulations.

Independent directors have three key roles – governance, control and guidance. Some performance indicators, based on which the independent directors are evaluated, include:

1. Participation in Board and committee meetings;
2. Active participation in long term decision making;
3. The ability to contribute to and monitor our corporate governance practices;
4. To devote sufficient time and attention for making informed and balanced decisions;
5. The ability to bring an independent judgment to bear on the Board's deliberations on issues like Strategy, performance, risk management and resources and standards of conduct.

The evaluation process focused on Board composition, Corporate Governance aspects, committee effectiveness and information flow to the Board or its committees and familiarization, among other matters. The procedure included systems like questionnaires, one-on-one discussions, etc. The recommendations of NRC were discussed with the Board and individual feedback was provided. The aspects of succession planning and committee composition were also considered. The Board evaluation process was completed during fiscal 2023.

## **Remuneration Policy:**

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection, appointment and remuneration of Directors and KMPs. The Nomination and Remuneration Committee has laid down the criteria for determining qualifications, positive attributes and independence of a person proposed to be appointed as a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The Remuneration Policy has been hosted on the website of the Company [www.esds.co.in](http://www.esds.co.in).

### **This policy ensures that:**

1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and key managerial persons of the quality required to run the Company successfully;
2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
4. Remuneration paid to Non-executive Directors:

### **Remuneration to Non-Executive Directors for the financial Year 2022-23**

The Non-executive Directors except Nominee Directors of the Company are paid remuneration by way of sitting fees. The Company paid sitting fees of Rs.60,000/- (Rupees Sixty Thousand only) per meeting for attending four (4) quarterly meetings of the Board and Rs.30,000/- (Rupees Thirty Thousand only) for attending rest of the Board meetings. The sitting fees for four (4) quarterly Audit Committee meeting is Rs.45,000/- (Rupees Forty Five Thousand only) and any other committee meetings including Audit committee meeting the sitting fees is Rs.30,000/- (Rupees Thirty Thousand only).

The travel expenses for attending meetings of the Board of Directors or a Committee thereof and other related expenses incurred by the Independent Directors from time to time are borne by the Company.

The criteria of making payment to Non-Executive Directors form part of Remuneration Policy which is hosted on the website of the Company.

Details of Remuneration paid / payable to Non-Executive Directors during the financial year 2022-23 are as follows.

| <b>Name of the Non-Executive – Independent Director</b> | <b>Sitting Fees (Amount in Rs.)*</b> |
|---|--------------------------------------|
| Mr. T. G. Dhandapani                                    | 7,80,000                             |
| Mr. V. Ramesh Kumar Amudalapalli                        | 4,95,000                             |
| Ms. Pamela Kumar  | 5,85,000                             |
| Ms. Uma Mandavgane                                      | 30,000                               |

\* Subject to TDS

As per the disclosures received from the Independent Directors, none of Independent Directors hold equity shares of the Company.

There were no other pecuniary relationships or transactions of the Non-Executive – Independent Directors with the Company.

#### **Remuneration paid to Executive Directors:**

The remuneration of Executive Director/s is decided by the Board of Directors as per the Company's remuneration policy laid down by the Nomination and Remuneration Committee and within the overall ceiling approved by shareholders. This is to mention that the Shareholders had approved revised remuneration payable to Executive Directors for FY2022-23 at the Extra-Ordinary General Meeting held on 9<sup>th</sup> August, 2021.

Rs. (in Lakhs)

| <b>Name of Executive Director</b> | <b>Term of appointment</b>                                  | <b>Salary &amp; Perks</b> | <b>Commission</b> | <b>Total</b> |
|-----------------------------------|---|---------------------------|-------------------|--------------|
| Mr. Piyush Somani                 | For a period of 5 years from 26 <sup>th</sup> January, 2020 | 70.00                     | 00.00             | 70.00        |
| Ms. Komal Somani                  | For a period of 5 years from 28 <sup>th</sup> July, 2021    | 40.00                     | 00.00             | 40.00        |

None of the Executive Directors is entitled to any ESOPs.

The tenure of office of the Executive Director can be terminated by the Company or the Executive Director by giving, the other, three months' prior Notice of termination in writing.

None of the Directors is entitled to any benefit upon termination of their association with your Company.

## Stakeholders' Relationship Committee

The Stakeholders Relationship Committee has been formed on 28<sup>th</sup> July, 2021. The composition of the Committee as on 31<sup>st</sup> March 2023 is as follows.

The Company Secretary acts as the Secretary of the Committee.

During the year under review there was no meeting of the Stakeholders' Relationship Committee since the Company is yet to list its equity shares on respective Stock Exchanges.

The terms of reference of the Stakeholders Relationship Committee were approved on 28<sup>th</sup> July, 2021 in view of Company IPO. The brief terms of reference of the Stakeholders Relationship Committee are as follows:

1. Considering and looking into various aspects of interests of shareholders, debenture holders and other security holders;
2. Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates, issue of new/duplicate certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, general meetings, etc., and assisting with quarterly reporting of such complaints;
3. Reviewing of measures taken for effective exercise of voting rights by shareholders;
4. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
5. Giving effect to all allotment, transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
6. Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
7. Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
8. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

## Risk Management Committee

The Company recognizes that risk is an integral part of business and is committed to manage the risk in a proactive and efficient manner. The Company has constituted Risk Management Committee of Directors to monitor various risks, examine risk management policies & practices and initiate action for mitigation of risk arising in the operations. To facilitate this, the Company had put in place Risk Management Policy.

The Risk Management Committee has been formed on 28<sup>th</sup> July, 2021. The composition of the Committee as on 31<sup>st</sup> March 2023 is as follows.

| Sr. No. | Name                 | Designation                     |
|---------|----------------------|---------------------------------|
| 1       | Ms. Pamela Kumar     | Chairman – Independent Director |
| 2       | Mr. T. G. Dhandapani | Member – Independent Director   |
| 3       | Mr. Piyush Somani    | Managing Director – Executive   |

The Company Secretary acts as the Secretary of the Committee.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives.

The Company has in place a risk management framework for identification and monitoring and mitigation of business risks, operational risks, financial risks, compliance risks, foreign exchange risks. Major risks like operational, strategic, resources, security, industry, regulatory & compliance risks are identified and are systematically addressed through mitigating actions on a continuing basis. Further Risk Assessment and mitigation procedures are periodically reviewed and discussed and relevant steps are taken for mitigation of such risks.

The Company, through its risk management process, aims to contain the risks within its risk appetite. There are no risks which in the opinion of the Board threaten the existence of the Company.

The terms of reference of the Risk Management Committee were approved on 28<sup>th</sup> July, 2021 in view of Company IPO. The brief terms of reference of the Stakeholders Relationship Committee are as follows:

1. To formulate a detailed risk management policy which shall include:
  - a) framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;

- b) measures for risk mitigation including systems and processes for internal control of identified risks;
  - c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
  3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
  4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity and recommend for any amendment or modification as necessary;
  5. To keep the board of directors informed about the nature and content of its discussions recommendations and actions to be taken;
  6. To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
  7. Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
  8. Review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any;
  9. Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions, including cyber security; and
  10. Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

During the year under review, no meeting of Risk Management Committee was held since the Company was not yet listed on Stock Exchanges.

#### **(v) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee of the Board of Directors of your Company consists of the following Members as on 31<sup>st</sup> March, 2023:

| <b>Sr. No.</b> | <b>Name</b>       | <b>Designation</b>                       |
|----------------|-------------------|--|
| 1              | Mr. Piyush Somani | Chairman – Executive Director            |
| 2              | Ms. Pamela Kumar  | Member – Independent Director            |
| 3              | Mr. Alipt Sharma  | Member – Non-Executive & Non-Independent |

One meeting of the CSR Committee was held during the year under review, on 08<sup>th</sup> April, 2022. The attendance of the Members of the CSR Committee is mentioned in Annual Report on Corporate Social Responsibility i.e., Annexure II.

## Terms of Reference of Corporate Social Responsibility Committee

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII To review from time-to-time Corporate Social Responsibility (CSR) policy in the light of emergent situation and statutory frame work;
2. To recommend the amount of investment to be made on CSR activities;
3. To monitor the implementation of CSR policy and Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by company;
4. To do such other acts, deeds, things and matters as are necessary or expedient in complying with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014;
5. Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

## Meeting of Independent Directors

The separate meeting of Independent Directors (IDs) of the Company as per the requirements of Schedule IV of the Act and Regulation 25 (3) & (4) of the LODR 2015 was held on 25<sup>th</sup> March, 2023. All the IDs were present at the meeting and they discussed the following:

1. The performance of Non-Independent directors and the Board of Directors as a whole;
2. The performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors; and
3. Assessed the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties; and
4. Suggestions for improvement of Corporate Governance.

## D. GENERAL BODY MEETINGS

Details of your Company's General Meetings are presented in the following table.

| Nature of Meeting              | Date & Time                               | Venue                                   | Details of Special Resolutions passed            |
|--------------------------------|---|---|--|
| Annual General Meeting         | 30 <sup>th</sup> September 2022; 11:00 am | Through Video Conference                | None   |
| Extra-Ordinary General Meeting | 25 <sup>th</sup> April 2022; 9:30 am      | Plot No. B-24 & 25, NICE Area, M.I.D.C. | Cancellation of Special Resolution passed at the |

|                                |  |  |  |
|--------------------------------|--|--|--|
|                                |  | Satpur, Nasik 422007   | Extra Ordinary General Meeting held on March 15, 2022                                |
| Extra-Ordinary General Meeting | 09 <sup>th</sup> May, 2022;<br>9:30 am       | Plot No. B-24 & 25,<br>NICE Area, M.I.D.C.<br>Satpur, Nasik 422007 | To authorize issue of equity shares through preferential cum private placement basis |
| Extra-Ordinary General Meeting | 10 <sup>th</sup> October, 2022;<br>2:00 pm   | Plot No. B-24 & 25,<br>NICE Area, M.I.D.C.<br>Satpur, Nasik 422007 | To authorize issue of Debentures through preferential cum private placement basis    |
| Extra-Ordinary General Meeting | 01 <sup>st</sup> November<br>2022<br>3:00 pm | Plot No. B-24 & 25,<br>NICE Area, M.I.D.C.<br>Satpur, Nasik 422007 | To authorize to alter the articles of Association.                                   |

### Postal Ballot

During the year under review, no postal ballot was carried out.

### E. Other Disclosures

#### Related Party Transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between your Company and the Directors, management, subsidiary or relatives, except for those disclosed in the financial statements for the year ended 31<sup>st</sup> March, 2023 and as reported in the Board's Report in terms of requirement under Section 134 of the Act.

The Company's Related Party Transaction Policy was adopted 7<sup>th</sup> August, 2021. The Company's Policy on materiality of related party transactions and the Policy on dealing with related party transactions have been hosted on its website.

#### **Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or SEBI, or any other statutory authority on any matter related to capital markets during the last three years**

There has been no non-compliance of any legal requirements nor have there been any strictures imposed by any Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets during the last three years since the Company is yet to get listed on the Stock Exchanges.

## **Whistle Blower Policy / Vigil Mechanism:**

Your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Accordingly, the Company has adopted a whistle blower / vigil mechanism policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and Regulations 22 of the SEBI (LODR) Regulation 2015 and has established the necessary vigil mechanism for employees and Directors to report concerns about unethical or improper activity. No person has been denied access to the Chairman of the Audit Committee. The Audit Committee monitors and reviews the investigations of the whistle blower complaints.

No complaints/ instance of fraud, unethical behavior or improper activities were reported through the whistle blower mechanism. The policy is available on the website of the Company and can be viewed on: <https://www.esds.co.in/investors/investors-pdf/Whistle-Blower-Policy.pdf>

## **Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons:**

The Company has adopted Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments thereto. All the Directors, senior management employees and other employees who have access to the unpublished price sensitive information of the Company are governed by this code.

## **Policy for determining material subsidiaries:**

The Company has disclosed the policy for determining material subsidiaries as per the requirement of Regulation 46(2)(h) of the LODR 2015, on its website: [www.esds.co.in](http://www.esds.co.in). The Policy was adopted on 7<sup>th</sup> August 2021 in accordance with the SEBI LODR Regulations.

The Company has complied with Corporate Governance Requirements specified under Regulations 17 to 27 to the extent applicable and the information required to be uploaded on website of the Company pursuant to clauses (b) to (i) of sub-regulation (2) of Regulation 46 of LODR 2015 is available on the website of your Company [www.esds.co.in](http://www.esds.co.in)

## **Means of Communication:**

1. The Company's website [www.esds.co.in](http://www.esds.co.in) consists of Investor Section, which provides comprehensive information to the Shareholders.
2. The Company's Annual Report is sent by email to all the Shareholders of the Company who have registered email ID with Depository or RTA /Company.
3. The hard copy of the Annual Report is sent to those who have not registered email ID with the Company/Depository / RTA and also to those shareholders who want

hard copy on request.

4. Pursuant to Regulation 43A of LODR 2015, the Dividend Distribution Policy is hosted on the Website of the Company [www.esds.co.in](http://www.esds.co.in).

| <b>GENERAL SHAREHOLDERS INFORMATION</b>                            |   |
|--|---|
| 1. Annual General Meeting  |   |
| Date, Time and Venue   | Saturday, 30 <sup>th</sup> September, 2023 at 11.00 a.m.  |
| 2. Financial Year  | Financial Year is April 1 to March 31 of the following year   |
| 3. Dates of Book Closure   | N.A.  |
| 4. Record date for Interim / Final Dividend declared in FY 2022-23 | N.A.  |
| 5. Interim / Final Dividend  | N.A.  |
| 6. Interim / Final Dividend Payment Date                           | N.A.  |
| 7. Listing on Stock Exchanges & Payment of Listing Fees            | N.A.  |
| 8. Stock Code  | BSE: 59403662; NSE: ESDS EQ; ISIN: INE0DRI01029   |
| 9. Registrars and Transfer Agents with address for correspondence  | Link Intime India Private Limited<br>C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai – 400 083<br>Tel. : 022 - 49186000 Fax: 022 - 49186060  |
| 10. Share Transfer System  | The Board has delegated the power of Share Transfer to the Stakeholder Relationship Committee of the Board of Directors.  |
| 11. Dematerialisation of Shares and Liquidity                      | 9,28,94,185 Equity shares are held in the electronic mode as on 31 <sup>st</sup> March 2023.  |
| 12. Electronic Clearing Service (ECS)                              | SEBI, through its Circular No., CIR/MRD/DP/10/2013, dated March 21, 2013, has mandated the Companies to use Reserve Bank of India (RBI) approved electronic payment modes, such as ECS, NEFT, NACH and others to pay members in cash. Members are requested to update their Bank Accounts details with their respective depository participants (for shares held in the electronic form) or write to the Company's Registrars and Transfer Agents, M/s Link Intime India Private Limited (for shares held in the physical form). Members are encouraged to utilize ECS for receiving dividends. |
| 13. Investor Complaints to be addressed to                         | Registrars and Transfer Agents or Prasad Deokar, Company Secretary, at the addresses mentioned earlier  |
| 14. Outstanding GDRs/ ADRs/ Warrants or any Convertible            | The Company has not issued any GDRs/ADRs/ Warrants or any Convertible Instruments.  |

|  |   |
|--|---|
| Instruments, Conversion Date and likely impact on equity |   |
| 15. Plant Locations                                      | Nashik, Navi Mumbai, Bangalore and Mohali |

### **Details of fees paid to statutory Auditors during the financial year 2022-23**

The total fees paid for all services rendered by the statutory auditor viz. Shah Khandelwal Jain & CO., Chartered Accountants, for the Company is Rs.30.36 lakhs (exclusive of taxes).

### **Disclosure pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Disclosure pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given in the Board's Report which forms part of this Annual Report.

### **Disclosure on Website**

The following information / Codes / Policies have been hosted on the website of the Company ([www.esds.co.in](http://www.esds.co.in)).

### **Details of Business**

1. Composition of various committees of Board of Directors;
  - a) Audit Committee
  - b) Nomination and Remuneration Committee
  - c) Stakeholders Relationship Committee
  - d) CSR Committee
  - e) Risk Management Committee
  
2. Policies / Codes;
  - a) Policy on Determination of Materiality of Events/ information
  - b) Policy on Diversity of Board of Directors
  - c) Policy for Risk Management Committee
  - d) Corporate Social Responsibility Policy
  - e) Vigil Mechanism – Whistle Blower Policy
  - f) Remuneration Policy
  - g) Related Party Transactions Policy
  - h) Dividend Distribution Policy
  - i) Code of conduct for Prohibition of Insider Trading
  - j) Code of practices and procedures for fair disclosure of UPSI
  - k) Familiarization Programme for Independent Directors

3. Financial Information;
  - a) Financial results/statements
  - b) Annual Reports of the Company

For and on behalf of the Board of Directors of  
**ESDS Software Solution Limited**

SD/-

Place: Nashik

Date: September 05, 2023

**(Piyush Somani)**

Chairman and Managing Director

DIN : 02357582



## Annexure I

### AOC-1

[Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

#### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES (MARCH 31, 2022)

Part "A" - Subsidiaries

| Amounts in Million |                           |                     |               |                     |                          |                                |              |                          |                         |                          |                        |                     |                 |
|--------------------|---------------------------|---------------------|---------------|---------------------|--------------------------|--------------------------------|--------------|--------------------------|-------------------------|--------------------------|------------------------|---------------------|-----------------|
| Sr. No.            | Name of Subsidiary        | Report ing Currency | Share Capital | Reserve s & Surplus | Total Assets (excl Inves | Total Liabiliti es (excl Share | Invets ments | Turno ver/ Total Incom e | Profit Before Taxatio n | Provis ion for Taxati on | Profit After Taxatio n | Propos ed Divide nd | % Shareh olding |
| 1                  | ESDS Internet Services    | INR                 | 0.18          | (9.09)              | 446.84                   | 455.75                         | -            | 41.33                    | 0.04                    | 0.01                     | 0.03                   | -                   | 50.00           |
| 2                  | Spochub Solutions Private | INR                 | 0.20          | (0.03)              | 0.02                     | 0.04                           | -            | -                        | (0.03)                  | -                        | (0.03)                 | -                   | 100.00          |
| 3                  | ESDS Global Software      | USD                 | 0.08          | (10.88)             | 2.12                     | 13.83                          | -            | 0.00                     | 0.00                    | -                        | 0.00                   | -                   | 100.00          |
| 4                  | ESDS Cloud FZ LLC         | AED                 | 0.20          | (228.24)            | 73.59                    | 302.64                         | -            | 61.95                    | (69.52)                 | -                        | (69.52)                | -                   | 100.00          |

**Annexure II**  
**Annual Report on Corporate Social Responsibility**  
 [Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

**1. Brief outline of the Company's CSR Policy**

The Board of Directors at its meeting held on 7<sup>th</sup> August, 2021 approved the revised CSR Policy of your Company upon recommendation of the CSR Committee pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the Companies Corporate Social Responsibility Amended Rules, 2021 issued by the Ministry of Corporate Affairs vide its notification dated January 22, 2021.

The objective of the CSR Policy is to set guiding principles for carrying out CSR activities by the Company and also to set up process of execution, implementation and monitoring of the CSR activities to be undertaken by the Company.

The CSR Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy', observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

**2. Composition of CSR Committee is covered in the Corporate Governance Report.**

| Sr. No. | Name of Director                                | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|---|--------------------------------------|--|--|
| 1.      | Mr. Piyush Somani                               | Chairman / Executive Director        | 1  | 1  |
| 2.      | Mr. Alipt Sharma                                | Member / Non-Executive Director      | 1  | 1  |
| 3.      | Mr. V. Ramesh Kumar Amudalapalli <sup>(1)</sup> | Member / Independent Director        | 1  | 1  |
| 4       | Ms. Pamela Kumar <sup>(2)</sup>                 | Member / Independent Director        | 0  | 0  |

- (1) Mr. V. Ramesh Kumar Amudalapalli resigned as Director with effect from 18<sup>th</sup> January 2023.
- (2) Ms. Pamela Kumar, Independent Director, was induced as Member with effect from 29<sup>th</sup> June 2023.

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

- Composition of CSR Committee is available on Company's Website and can be accessed at the below link;

<https://www.esds.co.in/investors/investors-pdf/CSR-Policy-for-ESDS.pdf>

- 4.** Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules,2014, if applicable (attach the report): **Not Applicable**
- 5.** Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable**
- 6.** Average net profit of the company as per section 135(5): **Rs.1014.85 Lakhs.**
- 7.** (a) Two percent of average net profit of the company as per section135(5): **Rs.20.30 Lakhs.**  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**  
 (c) Amount required to be set off for the financial year, if any: **Nil**  
 (d) Total CSR obligation for the financial year (7a+7b-7c): **Rs.20.30 Lakhs.**
- 8.** (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (Rs.in Lakhs) | Amount Unspent (Rs. In Lakhs)   |                  |  |        |                  |
|---|---|------------------|--|--------|------------------|
|   | Total Amount transferred to Unspent CSR Account as per section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section135(5) |        |                  |
|   | Amount  | Date of transfer | Name of the Fund   | Amount | Date of transfer |
| 21.00   | Not Applicable  |                  |  |        |                  |

- (b) Details of CSR amount spent against ongoing projects for the financial year: **Nil**
- (c) Details of CSR amount spent against other than ongoing projects for the FY:

| (1)     | (2)                 | (3)  | (4)                 | (5)                     |          | (6)   | (7)                                      | (8)   |                         |
|---------|---------------------|--|---------------------|-------------------------|----------|---|--|---|-------------------------|
| Sr. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/No) | Location of the Project |          | Amount spent for the project (Rs. In Lakhs) | Mode of Implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency          |                         |
|         |                     |  |                     | State                   | District |   |  | Name  | CSR registration number |
| 1       | Promoting Education | (ii)   | Yes                 | Maharashtra             | Nashik   | 21.00                                       | Indirect                                 | Vipassana International Childrens Academy And Research Center | CSR00049516             |

- (d) Amount spent in Administrative Overheads: **Nil**  
(e) Amount spent on Impact Assessment, if applicable: **N.A.**  
(f) Total amount spent for the Financial Year(8b+8c+8d+8e) – **Rs.21.00 Lakhs**  
(g) Excess amount for set off, if any: **Rs.0.70 Lakhs**

9. (a) Details of Unspent CSR amount for the preceding three financial years: **Nil**

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section135(6) (in Rs.) | Amount spent in the Reporting Financial Year (in Rs.). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any |                 |                  | Amount remaining to be spent in succeeding financial years (in Rs.) |
|---------|--------------------------|--|--|---|-----------------|------------------|---|
|         |                          |  |  | Name of the Fund  | Amount (in Rs.) | Date of transfer |   |
| 1       | N.A.                     | N.A.   | Nil  | Not Applicable  |                 |                  | Nil   |

(c) Details of CSR amount spent in the financial year for ongoing projects of the preceding three financial year(s): **Not Applicable**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

- (a) Date of creation or acquisition of the capital asset(s): **Nil**
- (b) Amount of CSR spent for creation or acquisition of capital asset : **Nil**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Nil
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Nil

**11.** Specify the reason(s),if the company has failed to spend two per cent of the average net profit as per section 135(5) : **Not Applicable**

sd/-

**(Piyush Somani)**

**Chairman & Managing Director and Chairman of CSR Committee**

**DIN: 00112324**

**Place: Nashik**

**Date: September 05, 2023**



## Annexure III

FORM NO. MR -3

### SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**ESDS SOFTWARE SOLUTION LIMITED**  
CIN: U72200MH2005PLC155433  
Plot No. B-24 & 25,  
NICE AREA, M.I.D.C. SATPUR.  
NASIK MH 422007

I am appointed by Board of Director of ESDS Software Solution Limited (hereinafter called the Company) to conduct an annual Secretarial Audit on a mandatory basis for the period ended March 31, 2023.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representation made by the Management and considering the relaxation granted by the Ministry of Corporate Affairs , we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, generally has, complied with the statutory provisions listed hereunder subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on March 31, 2023, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder.

- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder: (Not Applicable to the Company during the Audit Period since the act is not applicable to public limited company)
- III. The Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder.
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings.
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2015: - (**Not Applicable** to the Company during the Audit period;)
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. (**Not Applicable** to the Company during the Audit period;)
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Applicable** to the Company during the Audit period;)
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: - (**Not Applicable** to the Company during the Audit Period as the Company is not a listed entity ;)
  - e) The Securities and Exchange Board of India (Issue and Listing of debt Securities) Regulations, 2008: - (**Not Applicable** to the Company during the Audit Period as the Company has not issued and listed any debt securities during the period under review);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients.

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: - (**Not Applicable** to the Company during the Audit Period as the Company has not delisted/ proposed to delist its equity shares from the Stock Exchange during the period under review;)
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: - (**Not Applicable** to the Company during the Audit Period as the Company has not bought back any of its securities during the period under review)

VI. Other laws applicable specifically to the Company namely

As informed to us, there are no other Sector specific laws which are specifically applicable to the Company.

The Audit has been conducted to the best of my abilities and information represented by the Management of the Company was to the extent possible examined and verified.

I have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI)
- ii) The Listing Agreements entered by the Company with the Bombay Stock Exchange (BSE) Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (Not applicable to the company)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards, etc. mentioned above. Following are our observations on specific matters of the Company:

1. The Company made a Preferential cum Private Placement of Equity shares in the financial year 2021-22 by passing Board resolution and Special resolution, which was later cancelled via circular resolution dated 30th March 2022 and refunded the amount to the allottee in the reporting financial year 2022-23 by duly cancelling both the resolutions.

2. The following is the status of Change in directors and KMPs in the year:

| <b>Name</b>   | <b>Designation</b>                             | <b>Appointment/<br/>Cessation</b> | <b>Date</b>                   |
|---|--|-----------------------------------|-------------------------------|
| Ms. Uma Mandavgane  | Independent Director                           | Cessation                         | 20 <sup>th</sup> May 2022     |
| Mr. Sandeep Mehta   | CFO  | Cessation                         | 19 <sup>th</sup> May 2022     |
| Mr. Aniket Khandelwal   | Company Secretary and compliance officer       | Cessation                         | 12 <sup>th</sup> May 2022     |
| Mr. A.V Ramesh Kumar  | Independent Director                           | Cessation                         | 18 <sup>th</sup> January 2023 |
| Mr. Prasad Deokar   | Company Secretary and compliance officer (KMP) | Appointment                       | 13 <sup>th</sup> July 2022    |
| Mr. Nadukuru Sita Ramaiah                                       | CFO  | Appointment                       | 31 <sup>st</sup> October 2022 |
| Ms. Komal Somani (Whole Time Director, Chief Marketing Officer) | Chief Human Resource Officer                   | Appointment                       | 28 <sup>th</sup> October 2022 |

All the DIR-12 forms relating to Appointment and cessation of the Above-mentioned directors/ officers were filed within time except for few forms which were filed with delay by payment of additional fees.

3. The Audit committee as per Section 177 of Companies Act, 2013, Nomination Remuneration committee as per Section 178 of Companies Act, 2013 and the IPO committee were duly reconstituted during the year 2022-23.
4. Pursuant to the relevant provisions of Companies Act 2013 and applicable rules, during the period the following securities/loans were issued/received:

| <b>Name of security</b> | <b>Type of security (convertible/non-convertible)</b> | <b>Secured/unsecured</b> | <b>Interest</b> | <b>Tenure</b> |
|-------------------------|---|--------------------------|-----------------|---------------|
| Debentures              | Non-convertible                                       | Secured                  | 10%             | 84 months     |

5. The Company had unpaid preference dividend on preference shares amounting to Rs.76,766/- for the years 2018-19, 2019-20, 2020-21. The respective preference shares pertaining to which liability pertains has been converted into equity shares as on 3rd December 2021.

The said unpaid dividend amount has been transferred to unpaid dividend account and as on the date of signing of the report the dividend remains unpaid to the preference shareholders.

6. M/S Kirtane and Pandit, Chartered Accountants were appointed as the Internal Auditor for the Financial Year 2022-2023 by the board of directors on 31st October 2022. The appointment was duly made as per the provisions of Section 138 of the Companies Act, 2013.
7. The following legal proceedings were made against the company during the year:

| <b>Matter</b>  | <b>Legislation</b> | <b>Liability- Contingent or Paid</b>   |
|--|--------------------|--|
| Complaint filed by Rajeev Papneja against the Company in the matter of non-receipt of shares after the split as promised by the company in 2015 and shares relating to the ESOP dated 30th August 2021 | Bombay High Court  | As per the Company No Liability or there is no substantial impact on the operations of the company. (Case is still open) |

8. Articles of Association were altered via Extra Ordinary General Meeting on 1<sup>st</sup> November 2022 by the company which was done as per the provisions under Companies Act, 2013. The alterations were as follows:
  - o Alteration in the definition of Key Managerial Personnel.
  - o Modification of specific dates in the relevant clause of IRR for the equity shares were made.
  - o Modifications in the amendment clause of Share subscription and shareholders agreement were made.
  - o The dates were changed in a few of the proviso(s) from 31st March 2022 to 31st December 2022.
9. The company has complied with the provisions of the SEBI (ICDR) 2018 as the company was in the process of listing, to the extent applicable to stay in line with the provisions of the regulations with regards to Draft Red Herring Prospectus filing as needed in the preparations of Initial Public Offerings.

- In compliance with the SEBI (ICDR) Regulations 2018, the company approved to create Security Deposit through Bank Guarantee in favor of National Stock Exchange, however, the Company did not create the security Deposit since the Company did not open the issue of its equity share. There is no Outflow of cash.
  - The IPO size by way of Offer for sale was increased by the selling shareholders from 2,15,25,000 Equity shares to 2,33,15,000 Equity shares.
  - Revision was made in the issue size of the Pre-IPO placement vide IPO Committee meeting dated 2nd November 2022.
  - Further considering that no RHP has been filed within the period, the IPO plan has been put on hold.
10. The company has complied with the implementation of POSH (Prevention of Sexual Harassment Act) related policy and committee as per the requirement. The management has represented that the committee has been functioning in compliance with the legal requirement.
11. The company has filed form FC-GPR with Reserve Bank of India with late submission fees on 4th January 2023. (FC-GPR, the same need to be filed within 30 days for the right issue dated 12.12.2022). There was a delay of 22 days for which the additional fees were paid to the Reserve Bank of India. Please note that the delay has been regularized by paying additional fees- Clarification received from the company.

**Based on the information received and records maintained, we further report that.**

- The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors and Non-Executive Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers other than mentioned above;
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel other than mentioned above.

- All the decisions in the board meetings were carried through by majority while there were in case of dissenting member's views was captured and recorded as part of the minutes.

**I further report that:**

There are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

The Company has represented that there were no material subsidiaries of the company to which provisions relating to appointment of Secretarial Auditor and conduct of Secretarial Audit was applicable.

I further report that during the audit period there were no specific events/actions in the pursuance to the above referred laws, rules, regulations, guidelines, standards etc. having a major bearing on the company's affairs.



Sd/-

**SAGAR R. KHANDELWAL**

COMPANY SECRETARY

(ACS 25781)

(C.P. No. 13778)

UDIN: A025781E000933820

DATE: 4<sup>th</sup> September 2023

PLACE: Pune

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of ESDS Software Solution Limited**

**Report on the Separate Ind AS Financial Statements**

### **Opinion**

We have audited the accompanying IND AS financial statements of ESDS Software Solution Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the IND AS financial statements give the information required by the Companies Act 2013, as amended ("The Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the year ended on that date.

### **Basis for Opinion**

We have conducted the audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key Audit Matters are those matters which in our professional judgement, were of the most significance in our Audit of the Separate IND AS Financial Statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the Separate Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

## **Key Audit Matter - Revenue Recognition**

The Company's contracts with customers include contracts with multiple products and services. The company derives revenues from IT enabled services comprising Cloud Computing Infrastructure as a service (IaaS), Software as a Service (SaaS) and related managed services. As certain contracts with customers involve management's judgment in:

- (1) Identifying distinct performance obligations,
- (2) Determining whether the Company is acting as a principal or an agent and
- (3) Whether fixed price maintenance revenue is recognized on a straight-line basis or using the percentage of completion method.

The Company has also assessed -

- (i) The possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts,
- (ii) Onerous obligations,
- (iii) Penalties relating to breaches of service level agreements and
- (iv) Termination or deferment of contracts by customers.

Revenue recognition from these judgments were identified as a key audit matter and required a higher extent of audit effort.

(Refer Note 2.7, 2.14, 2.15 in notes to the Separate Financial Statements for relevant accounting policy.)

### **How our audit addressed the matter:**

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

- (i) Obtaining an understanding of the systems, processes and controls implemented by management for recording and computing revenue and associated unbilled revenue, unearned and deferred revenue balances and onerous contract obligations, if any.
- (ii) Evaluated the design and operating effectiveness of internal controls relating to the application of revenue accounting standard specifically, those relating to identification of the distinct performance obligations and determination of transaction price.
- (iii) In respect of a sample of large and complex contracts and certain other contracts, our procedures included, among other things:

- a. Identified significant terms of the contracts;
- b. Assessing appropriateness of management's significant judgements in accounting for identified contracts such as identification of performance obligation and allocation of consideration to identified performance obligation;
- c. Evaluation of the contract terms with respect to assessment of the date of transfer of control;
- d. Testing of timing of recognition of revenue (including procedures related to cut off) in line with the terms of contracts;
- e. Testing the appropriateness of key assumptions used by Management including the appropriateness and reasonability of Management's conclusion regarding the expected delays in estimated completion of the performance obligations and possible impact on key estimates. Obtained understanding of the terms and communications with the customers to assess the likelihood of availability of contractual remedies.

(iv) Reviewing the adequacy and presentation of revenue recognition disclosures in the financial statements, ensuring their compliance with the disclosure requirements of Ind AS 115.

Our audit procedures, combined with other procedures performed during the audit, provided us with sufficient evidence to form our opinion on the Company's revenue recognition practices and their compliance with Ind AS.

#### **Information other than the Financial Statements and Auditors' Report thereon**

The Board of Directors of the company is responsible for the preparation of other information. The other information comprises the information included in the Annual Report, but does not include the Separate Financial Statements and our auditors' report thereon.

Our opinion on the Separate Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Separate Financial Statements, our responsibility is to read the other information and, in doing so, consider whether other information is materially inconsistent with the Separate Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and those charged with governance**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these IND AS financial

statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Those board of directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (i) Identify and assess the risks of material misstatement of the Separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Separate Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the Separate Financial Statements, including the disclosures, and whether the Separate Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Separate Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Separate Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Separate Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Separate Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid IND AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 1” to this report;

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its IND AS financial statements (Refer note no. 31 of financial statement);

ii. The Company has made provision, as required if any under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a)The management has represented that to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities

identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief , no funds (which are material either individually or in the aggregate) have been received by the company from any person or entities including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise , that the company shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year, therefore the provisions of the section 123 of the Act is not applicable.
2. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the ‘Annexure 2’, a statement on the matters specified in paragraphs 3 and 4 of the Order.

3. With respect to the matter to be included in the Auditors’ Report under section 197(16):

In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.

**For Shah Khandelwal Jain & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 142740W

Sd/-

**Ashish Khandelwal**  
**Partner**  
Membership No.049278  
Place: Pune  
Date: 5<sup>th</sup> September, 2023  
UDIN: 23049278BGVMZR9046

**Annexure 1 referred to in paragraph 2 (f) under the heading “Report on other Legal and Regulatory requirements” of our report of even date**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of ESDS Software Solution Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal in control stated the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

## **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

According to the information and explanations given to us and based on our audit, the Company, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2023.

**For Shah Khandelwal Jain & Associates**  
**Chartered Accountants**  
**Firm Registration No: 142740W**

Sd/-

**Ashish Khandelwal**  
Partner  
Membership No. 049278  
Place: Pune  
Date: 5<sup>th</sup> September, 2023  
UDIN: 23049278BGVMZR9046

**ANNEXURE 2 TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2023 OF ESDS Software Solution Limited ("the Company")**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

**Companies (Auditor's Report) Order, 2020 issued by the Central Government in terms of subsection 11 of section 143 of Companies Act, 2013 ("the Act")**

- i. (a) (A) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment;  
  
(B) The company has maintained proper records showing full particulars of intangible assets;
- (b) All the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own any immovable property. Accordingly, Clause 3(i) (c) of the Order is not applicable to the Company.
- (d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year ended March 31,2023 and carried on the values of PPE and ROU at cost consistent with previous year.
- (e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. (a) The company is involved in the business of rendering services. Accordingly the requirements of Para 3(ii) (a) of the order are not applicable to the company.
- (b) The company has sanctioned working capital limits in excess of Rs five crores in aggregate from bank during the year on the basis of security of current assets of the company. In our opinion, the quarterly returns or statements filed by the Company with such banks are generally in agreement with the books of accounts of the Company.

iii. (a) (A) According to the records of the Company, during the year the Company has granted a loan to the subsidiary. Details of which has been provided in following table:

|   | Guarantees | Security | Loans         | Advances in nature of loans |
|---|------------|----------|---------------|-----------------------------|
| Aggregate amount granted/provided during the year.<br>- Subsidiaries<br>- Joint Ventures<br>- Associates<br>- Others                      |            |          | 0.44 Million  |                             |
| Balances outstanding as at balance sheet date in respect of above cases<br>- Subsidiaries<br>- Joint Ventures<br>- Associates<br>- Others |            |          | 34.64 Million |                             |

- (B) According to the records of the company, the company has not made any investment in or provided any guarantee or security or granted any loans or advances in the nature of loans secured or unsecured to other than subsidiaries, joint ventures or associates.
- (b) In our opinion, the investments made, guarantees provided, securities given and the terms and conditions of the grant of loans and advances are not prejudicial to the interest of the company.
- (c) As per the records provided by the company, there is no stipulation of schedule of repayment of principal or payment of interest. Hence, we are unable to comment on, whether the repayments or receipts are regular.
- (d) As per the records provided by the company, there is no stipulation of schedule of repayment of principal or payment of interest. Hence, we are unable to comment on the fact that whether any amount is overdue for more than ninety days.
- e) In our opinion and according to information and explanation given to us, no amount of loans and advances which had fallen due during the year, has been renewed or extended or fresh loan granted to settle existing loans given to the same parties.

- (f) The aggregate amount of loans and advances granted in the nature of loans and advances to promoters or related parties which are either repayable on demand or without specifying any terms or period of repayment is as follows-

|   | All Parties   | Promoters | Related Parties |
|---|---------------|-----------|-----------------|
| Aggregate amount of loans/advances in the nature of loans         |               |           |                 |
| - Repayable on demand (A)   |               |           |                 |
| - Agreement does not specify any terms or period of repayment (B) | 34.64 Million | -         | 34.64 Million   |
| Total (A+B)   | 34.64 Million | -         | 34.64 Million   |
| Percentage of loans/ advances in nature loans to the total loans  |               |           | 100%            |

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as per the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder as on 31<sup>st</sup> March, 2023 and the Company has not accepted any deposits during the year.
- vi. In our opinion and according the information and explanation given to us, the requirement of sub-section 1 of section 148 of The Companies Act is not applicable to the company and accordingly para 3(vi) of the order is not applicable.
- vii. (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, Provident fund, Employees' state insurance, Income Tax, and any other material statutory dues to the extent applicable with appropriate authorities.

As per the explanations and data provided to us by the Management, there are no Undisputed Statutory Dues including Income Tax, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (b) As per the information and explanation given, following are the disputed statutory dues of the company:

| Name of the statute  | Amount (in Millions) | Period to which amount relates | Forum where dispute is pending              | Remarks (if any) |
|----------------------|----------------------|--------------------------------|---|------------------|
| Income Tax Act, 1961 | 18.93                | AY 2016-17                     | CIT, Appeal                                 |                  |
| Income Tax Act, 1961 | 77.41                | AY 2017-18                     | CIT, Appeal                                 |                  |
| MVAT                 | 7.00                 | FY 2016-17                     | Assistant Commissioner of Sales Tax, Appeal |                  |
| MVAT                 | 3.84                 | FY 2017-18                     | Assistant Commissioner of Sales Tax, Appeal |                  |

- viii. According to the records of the Company and as per information & explanation given, there were no transaction relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act 1961( 43 of 1961) during the year.
- ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the company is not declared as the willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
- (d) According to the information and explanations given to us and based on our examination of the records of the Company, funds raised on short term basis have not been utilized for long term purposes.
- (e) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) Based upon the audit procedures performed and the information and explanations given by the management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, Para 3(x) (a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the company has utilized funds raised by way of private placement of shares for the purpose for which they were raised.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices and standards in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees during the course of our audit.
- (b) No report under sub section (12) of section 143 of the Companies Act has been filed by us in Form ADT 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report;
- (c) We have not received any whistle blower complaints during the year by the company.
- xii. The Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.

- xiii. According to the information and explanations given to us, transactions with the related parties are in compliance with provisions of section 177 and section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv. (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the company, for the period under audit.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its directors or persons connected to its directors. Hence provisions of Section 192 of the Companies Act 2013, are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence the provisions of clause 3 (xvi) (a to d) are not applicable.
- xvii. According to the records of the Company, the Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the Statutory Auditors during the year and accordingly, the provisions of clause 3 (xviii) of the Order are not applicable to the Company.
- xix. On the basis of the financial ratios read with Note 43, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the balance sheet date as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the date of balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the records of the Company, the company has no unspent amount in respect of Corporate Social Responsibility as specified under section 135 of the Act. Hence we are not commenting on para 3(xx) (a) and (b) of the order.

**For Shah Khandelwal Jain & Associates**  
**Chartered Accountants**  
Firm Registration No.:142740W

Sd/-

**Ashish Khandelwal**  
Partner  
Membership No.: 049278  
Place: Pune  
Date: 5<sup>th</sup> September, 2023  
UDIN: 23049278BGVMZR9046

ESDS Software Solution Limited  
Separate Financial Statements  
Balance Sheet as at March 31, 2023  
(All amounts are in Rupees millions, unless otherwise stated)

| Particulars  | Notes | March 31,2023   | March 31,2022   |
|--|-------|-----------------|-----------------|
| <b>ASSETS</b>  |       |                 |                 |
| <b>I. Non-current assets</b>   |       |                 |                 |
| Property, plant and equipment  | 3     | 1,967.26        | 2,043.34        |
| Right-of-use-of-assets   | 4     | 830.41          | 850.45          |
| Capital work-in-progress   | 5     | -               | 0.70            |
| Intangible assets  | 6     | 64.14           | 89.31           |
| Financial Assets   |       |                 |                 |
| Investments  | 7     | 0.56            | 0.56            |
| Non-current financial assets   | 8.a   | 142.09          | 203.77          |
| Other non-current assets   | 9     | 2.18            | 2.13            |
| <b>Total non-current assets</b>  |       | <b>3,006.65</b> | <b>3,190.26</b> |
| <b>II. Current assets</b>  |       |                 |                 |
| Current financial assets   |       |                 |                 |
| Trade receivables  |       |                 |                 |
| Billed   | 10a   | 565.17          | 634.30          |
| Unbilled   | 10b   | 310.12          | 339.05          |
| Cash and cash equivalents  | 11    | 157.72          | 340.32          |
| Other bank balances  | 12    | 409.05          | 146.39          |
| Other current financial assets   | 8.b   | 83.90           | 109.21          |
| Income-tax assets  | 13    | 230.55          | 154.29          |
| Other current assets   | 14    | 182.62          | 239.68          |
| <b>Total current assets</b>  |       | <b>1,939.11</b> | <b>1,963.23</b> |
| <b>Total assets</b>  |       | <b>4,945.76</b> | <b>5,153.49</b> |
| <b>EQUITY AND LIABILITIES</b>  |       |                 |                 |
| <b>Equity</b>  |       |                 |                 |
| Equity share capital   | 15    | 92.89           | 91.57           |
| <b>Other equity</b>  |       |                 |                 |
| Reserves and surplus   | 16    | 2,184.33        | 2,044.09        |
| Other reserves   | 16    | 73.93           | 69.61           |
| <b>Total equity</b>  |       | <b>2,351.15</b> | <b>2,205.27</b> |
| <b>LIABILITIES</b>   |       |                 |                 |
| <b>I. Non-current liabilities</b>  |       |                 |                 |
| Non-current financial liabilities  |       |                 |                 |
| Non-current borrowings   | 17.a  | 929.80          | 656.13          |
| Lease liabilities  | 4     | 558.70          | 608.31          |
| Other non-current financial liabilities  |       |                 |                 |
| Employee benefit obligations   | 19    | 91.05           | 83.95           |
| Deferred tax liabilities (net)   | 23    | (8.88)          | 48.57           |
| <b>Total non-current liabilities</b>   |       | <b>1,570.68</b> | <b>1,396.96</b> |
| <b>II. Current liabilities</b>   |       |                 |                 |
| Current financial liabilities  |       |                 |                 |
| Current borrowings   | 17.b  | 430.33          | 449.30          |
| Lease liabilities  | 4     | 145.20          | 205.00          |
| Trade payables   |       |                 |                 |
| Total outstanding dues of micro enterprises and small enterprises                      | 20    | 59.78           | 10.70           |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 20    | 206.15          | 257.56          |
| Other current financial liabilities  | 18    | 55.22           | 526.38          |
| Employee benefit obligations   | 19    | 3.08            | 3.09            |
| Other current liabilities  | 21    | 124.17          | 99.24           |
| <b>Total current liabilities</b>   |       | <b>1,023.93</b> | <b>1,551.26</b> |
| <b>Total liabilities</b>   |       | <b>2,594.61</b> | <b>2,948.22</b> |
| <b>Total equity and liabilities</b>  |       | <b>4,945.76</b> | <b>5,153.49</b> |

The above balance sheet should be read in conjunction with the accompanying significant notes.

In terms of our report of even date

For Shah Khandelwal Jain & Associates  
ICAI Firm Registration Number: 142740W  
Chartered Accountants

For and on behalf of the Board of Directors  
ESDS Software Solution Limited  
CIN : U72200MH2005PLC155433

Sd/-

Ashish Khandelwal  
Partner  
Membership No.: 049278  
Place : Pune  
Date : 05/09/2023

Sd/-

Piyush Somani  
Chairman and Managing Director  
DIN :02357582  
Place: Nashik  
Date : 05/09/2023

Sd/-

Komal Somani  
Whole Time Director  
DIN: 08477154  
Place: Nashik  
Date : 05/09/2023

Sd/-

Prasad Deokar  
Company secretary and compliance officer

M No:A34350  
Place : Nashik  
Date : 05/09/2023

Sd/-

Nadukuru Sita Ramaiah  
Chief Financial officer

Place : Nashik  
Date : 05/09/2023

**ESDS Software Solution Limited**  
**Separate Financial Statements**  
**Statement of Profit and Loss for the Year ended March 31, 2023**  
*(All amounts are in Rupees millions, unless otherwise stated)*

| Particulars  | Notes | March 31,2023   | March 31,2022   |
|--|-------|-----------------|-----------------|
| Revenue from operations  | 24    | 2,013.71        | 1,932.34        |
| Other income   | 25    | 45.22           | 46.63           |
| <b>Total income</b>  |       | <b>2,058.94</b> | <b>1,978.97</b> |
| <b>Expenses</b>  |       |                 |                 |
| Employee benefit expense   | 26    | 739.86          | 680.41          |
| Finance costs  | 27    | 225.18          | 169.28          |
| Depreciation and amortisation expense                                  | 28    | 461.69          | 420.76          |
| Other expenses   | 29    | 791.96          | 641.88          |
| <b>Total expenses</b>  |       | <b>2,218.69</b> | <b>1,912.33</b> |
| <b>Profit before exceptional items</b>                                 |       | <b>(159.76)</b> | <b>66.64</b>    |
| <b>Exceptional Items</b>   |       |                 |                 |
| Rates and Taxes  | 41    | 47.78           | 35.00           |
| <b>Profit before tax</b>   |       | <b>(207.54)</b> | <b>31.64</b>    |
| <b>Income tax expense</b>  |       |                 |                 |
| Current tax (MAT)  | 22    | -               | 4.02            |
| Less: MAT credit entitlement   | 22    | -               | (4.02)          |
| Deferred tax   | 22    | (57.21)         | 10.59           |
| <b>Total tax expense</b>   |       | <b>(57.21)</b>  | <b>10.59</b>    |
| <b>Profit for the period [A]</b>                                       |       | <b>(150.32)</b> | <b>21.05</b>    |
| <b>Other comprehensive income</b>                                      |       |                 |                 |
| <i>Items that may be reclassified to profit or loss</i>                |       |                 |                 |
| Changes in the fair value of debt instruments at FVOCI                 |       |                 |                 |
| <i>Items that will not be reclassified to profit or loss</i>           |       |                 |                 |
| Changes in the fair value of equity instruments at FVOCI               |       |                 |                 |
| Remeasurement of post-employment benefit obligations                   |       | (0.26)          | 3.24            |
| Income tax relating to these items                                     |       | 0.07            | (0.90)          |
|  |       | (0.19)          | 2.34            |
| <b>Total other comprehensive income for the period, net of tax [B]</b> |       | <b>(0.19)</b>   | <b>2.34</b>     |
| <b>Total comprehensive income for the period [A+B]</b>                 |       | <b>(150.51)</b> | <b>23.39</b>    |
| <b>Earnings per share</b>  | 30    |                 |                 |
| Basic : (Face value of equity shares : 1 per share)                    |       | (1.62)          | 0.32            |
| Diluted  |       | (1.62)          | 0.32            |

The above statement of profit and loss should be read in conjunction with the accompanying notes.

**For Shah Khandelwal Jain & Associates**

ICAI Firm Registration Number: 142740W

Chartered Accountants

Sd/-

**Ashish Khandelwal**  
Partner  
Membership No.: 049278  
Place : Pune  
Date : 05/09/2023

**For and on behalf of the Board of Directors**

**ESDS Software Solution Limited**

CIN : U72200MH2005PLC155433

Sd/-

**Piyush Somani**  
Chairman and Managing Director  
DIN :02357582  
Place: Nashik  
Date : 05/09/2023

Sd/-

**Komal Somani**  
Whole Time Director  
DIN: 08477154  
Place: Nashik  
Date : 05/09/2023

Sd/-

**Prasad Deokar**  
Company secretary and compliance officer  
M No:A34350  
Place : Nashik  
Date : 05/09/2023

Sd/-

**Nadukuru Sita Ramaiah**  
Chief Financial officer  
Place : Nashik  
Date : 05/09/2023

**ESDS Software Solution Limited**  
**Separate Financial Statements**  
**Statement of Cashflows for the year Ended March 31, 2023**  
*(All amounts are in Rupees millions, unless otherwise stated)*

| Particulars   | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>A) Cash flows from operating activities</b>  |                              |                              |
| Profit before tax   | (207.54)                     | 31.64                        |
| <b>Adjustments for</b>  |                              |                              |
| Depreciation and amortisation expense   | 461.69                       | 420.76                       |
| (Gain)/loss on sale of property, plant and equipment  | 0.03                         | -                            |
| Expected credit loss allowance  | 43.65                        | 70.22                        |
| Balances written off  | -                            | 1.26                         |
| Interest income classified as investing cash flow   | (15.26)                      | (27.04)                      |
| Finance costs   | 225.18                       | 169.28                       |
| Unrealised exchange (gain)/loss   | 1.53                         | 2.47                         |
| Employee stock option expenses  | 5.44                         | -                            |
| <b>Operating profit before working capital changes</b>  | <b>514.72</b>                | <b>668.59</b>                |
| <b>Changes in working capital</b>   |                              |                              |
| (Increase) / decrease in trade receivables  | 54.41                        | (250.28)                     |
| (Increase)/ decrease in current and non current financial assets  | 18.33                        | 83.33                        |
| (Increase) / decrease in other current and non current assets   | 57.01                        | (103.51)                     |
| Increase / (decrease) in trade payables   | (2.33)                       | 17.61                        |
| (Increase)/ decrease in other financial liabilities   | (55.96)                      | (8.91)                       |
| Increase / (decrease) in employee benefit obligations   | 6.82                         | 13.64                        |
| Increase/ (decrease) in other current and non current liabilities   | 28.41                        | (3.11)                       |
| <b>Cash generated from operations</b>   | <b>621.42</b>                | <b>417.35</b>                |
| Income taxes paid (net of refunds received)   | (76.26)                      | (100.64)                     |
| <b>Net cash inflow/ (outflow) from operating activities</b>   | <b>545.16</b>                | <b>316.71</b>                |
| <b>B) Cash flows from investing activities</b>  |                              |                              |
| Payments for property, plant and equipment and intangible assets  | (352.97)                     | (552.85)                     |
| Proceeds from sale of property, plant and equipment and intangible assets   | -                            | -                            |
| Bank balances not considered as cash and cash equivalents   | (193.88)                     | (107.39)                     |
| Interest / Income on investment received  | 15.26                        | 27.04                        |
| <b>Net cash flows from investing activities</b>   | <b>(531.58)</b>              | <b>(633.20)</b>              |
| <b>C) Cash flows from financing activities</b>  |                              |                              |
| Proceeds from issue of Preference shares  | -                            | 199.99                       |
| Proceeds from Rights issue  | -                            | 7.00                         |
| Proceeds/(Repayment) from issue of Non-convertible debentures   | 450.00                       | 300.00                       |
| Increase/(Decrease) in non-current borrowings   | (176.33)                     | (83.42)                      |
| Increase/(Decrease) in current borrowings   | (18.97)                      | 183.18                       |
| Principal elements of lease payments  | (281.48)                     | (277.50)                     |
| Interest paid   | (160.35)                     | (110.68)                     |
| Proceeds from issue of equity share capital (including securities premium and net of refund of share application money) | (9.05)                       | 300.00                       |
| <b>Net cash inflows/ (outflow) from financing activities</b>  | <b>(196.18)</b>              | <b>518.57</b>                |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   | <b>(182.60)</b>              | <b>202.08</b>                |
| Cash and cash equivalents at the beginning of the year  | 340.32                       | 138.24                       |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>157.72</b>                | <b>340.32</b>                |

Reconciliation of cash and cash equivalents as per the cash flow statement:

|  | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Cash and cash equivalents (Note 11)            | 157.72         | 340.32         |
| <b>Balances as per statement of cash flows</b> | <b>157.72</b>  | <b>340.32</b>  |

This is the Cash Flow Statement referred to in our report of even date.

**For Shah Khandelwal Jain & Associates**

ICAI Firm Registration Number: 142740W

Chartered Accountants

Sd/-

**Ashish Khandelwal**

Partner

Membership No.: 049278

Place : Pune

Date : 05/09/2023

**For and on behalf of the Board of Directors**

**ESDS Software Solution Limited**

CIN : U72200MH2005PLC155433

Sd/-

**Piyush Somani**

Chairman and Managing Director

DIN :02357582

Place: Nashik

Date : 05/09/2023

Sd/-

**Komal Somani**

Whole Time Director

DIN: 08477154

Place: Nashik

Date : 05/09/2023

Sd/-

**Prasad Deokar**

Company secretary and compliance officer

M No:A34350

Place : Nashik

Date : 05/09/2023

Sd/-

**Nadukuru Sita Ramaiah**

Chief Financial officer

Place : Nashik

Date : 05/09/2023

ESDS Software Solution Limited  
 Separate Financial Statements  
 Statement of Changes in Equity for the year ended March 31, 2023  
 (All amounts are in Rupees millions, unless otherwise stated)

**A. Equity share capital**

Equity shares of Rs.1 each issued, subscribed and fully paid up

| Particulars                                       | Note | Total |
|---|------|-------|
| As at March 31, 2021                              |      | 52.22 |
| Change in equity share capital (refer note no 15) |      | 39.35 |
| As at March 31, 2022                              | 15   | 91.57 |
| Change in equity share capital (refer note no 15) |      | 1.32  |
| As at March 31, 2023                              |      | 92.89 |

**B. Other equity**

| Particulars  | Equity component of compound financial instruments | Reserves and surplus       |                            |                              |                   | Other equity        |                             | Total other equity |
|--|--|----------------------------|----------------------------|------------------------------|-------------------|---------------------|-----------------------------|--------------------|
|  |  | Securities premium account | Capital redemption reserve | Debenture Redemption Reserve | Retained earnings | Revaluation reserve | Share based payment reserve |                    |
| As at March 31, 2021   | 1,239.82   | 6.85                       | 3.58                       | -                            | 601.53            | 65.28               | -                           | 1,917.06           |
| Profit for the year  | -  | -                          | -                          | -                            | 21.05             | -                   | -                           | 21.05              |
| Other comprehensive Income   | -  | -                          | -                          | -                            | 2.34              | -                   | -                           | -                  |
| Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings | -  | -                          | -                          | -                            | 1.12              | (1.12)              | -                           | -                  |
| Employee compensation expense for the period   | -  | -                          | -                          | -                            | -                 | -                   | 5.45                        | 5.45               |
| Equity component of compound financial instruments issued during the period  | 199.99   | -                          | -                          | -                            | -                 | -                   | -                           | 199.99             |
| Securities Premium on account of conversion of Compulsory convertible preference shares                                    | -  | 1,407.63                   | -                          | -                            | -                 | -                   | -                           | 1,407.63           |
| Equity component of compound financial instruments converted during the period   | 1,439.81   | -                          | -                          | -                            | -                 | -                   | -                           | (1,439.81)         |
| Transferred from Retained Earnings   | -  | -                          | -                          | 30.00                        | (30.00)           | -                   | -                           | -                  |
| As at March 31, 2022   | -  | 1,414.48                   | 3.58                       | 30.00                        | 596.04            | 64.16               | 5.45                        | 2,113.71           |
| Profit for the year  | -  | -                          | -                          | -                            | (150.32)          | -                   | -                           | (150.32)           |
| Other comprehensive Income   | -  | -                          | -                          | -                            | (0.19)            | -                   | -                           | (0.19)             |
| Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings | -  | -                          | -                          | -                            | 1.12              | (1.12)              | -                           | -                  |
| Employee compensation expense for the period   | -  | -                          | -                          | -                            | -                 | -                   | 5.44                        | 5.44               |
| Securities Premium on account issue of equity shares   | -  | 289.63                     | -                          | -                            | -                 | -                   | -                           | 289.63             |
| Transferred to Retained Earnings   | -  | -                          | -                          | 45.00                        | (45.00)           | -                   | -                           | -                  |
| As at March 31, 2023   | -  | 1,704.10                   | 3.58                       | 75.00                        | 401.65            | 63.04               | 10.89                       | 2,258.26           |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

For Shah Khandelwal Jain & Associates  
 ICAI Firm Registration Number: 142740W  
 Chartered Accountants

For and on behalf of the Board of Directors  
 ESDS Software Solution Limited  
 CIN : U72200MH2005PLC155433

Sd/-

Ashish Khandelwal

Partner

Membership No.: 049278

Place : Pune

Date :

Sd/-

Piyush Somani  
 Chairman and  
 Managing Director

DIN :02357582

Place: Nashik

Date : 05/09/2023

Sd/-

Komal Somani  
 Whole Time Direc  
 Company

DIN: 08477154

Place: Nashik

Date : 05/09/2023

Sd/-

Prasad Deokar  
 secretary and  
 compliance officer

M No:A34350

Place : Nashik

Date : 05/09/2023

Sd/-

Nadukuru Sita Ramaiah  
 Chief Financial officer

Place : Nashik

Date : 05/09/2023

## **ESDS Software Solution Limited**

### **Notes Forming Part of Separate Financial Statements for the year ended 31st March, 2023**

#### **1. Corporate information**

ESDS Software Solution Limited (Formerly known as ESDS Software Solution Private Limited) ('ESDS' or the 'Company') incorporated on August 18, 2005, is engaged in providing IT enabled services (Infrastructure as a service, software as a service and managed services ) and supply of IT enabled products closely connected with the rendering of the IT enabled services.

The Company has its registered office in Nashik and runs its business operations in four cities Nashik, Mumbai, Bengaluru and Mohali.

#### **2. Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these separate financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Company consisting of ESDS Software Solution Limited (the 'Company').

##### **2.1 Basis of accounting, preparation and presentation**

###### **(i) Compliance with Ind AS**

The separate financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

###### **(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell; and
- Defined benefit plans – plan assets measured at fair value;

The financial statements are presented in "INR" and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

###### **(iii) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or

## **ESDS Software Solution Limited**

### **Notes Forming Part of Separate Financial Statements for the year ended 31st March, 2023**

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Company is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of products and the time between the acquisitions of assets for processing and their realization in cash and cash equivalents, the company has ascertained operating cycle of 12 months for the purpose of current and non-current classification of assets and liabilities.

#### **(iv) Segment reporting:**

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Company is engaged in the business of "design, development, installation and servicing of information technology related resource which is a single business segment since these are subject to similar risk and returns. Accordingly, Information technology related resource service comprises the primary basis of segmental information as set out in these financial statement, which therefore reflects the information required by Ind AS 108 - Segment reporting, with respect to primary segment.

Since the entire Company's business is design, development, installation and servicing of information technology related resource, there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as reflected in the Financial Statements as at and for the year ended March 31, 2023.

#### **(v) Cash flow statement**

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

## **2.2 Property, plant and equipment**

### **Initial recognition**

All items of property, plant and equipment (including capital work-in-progress) are measured at its cost.

The cost of an item of property, plant and equipment comprises:

- (a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

## ESDS Software Solution Limited

### Notes Forming Part of Separate Financial Statements for the year ended 31st March, 2023

(b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

#### Measurement after recognition

The Company has elected revaluation model for measurement of land and building whose fair value can be measured reliably at each reporting period.

#### (a) Revaluation model for certain class of property, plant and equipment

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation reserve to retained earnings.

#### (b) Cost model for other class of assets

All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

#### Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

| Type of asset                       | Useful life w.e.f April 2021 (in years)* | Useful life till March 2020 (in years) |
|-------------------------------------|--|--|
| Office building                     | 60                                       | 60                                     |
| Computers and data centre equipment | 3/4/5/6/10/15                            | 5/6                                    |
| Office equipment                    | 3/4/5/8/10/15/20                         | 5                                      |
| Furniture and fittings              | 10                                       | 10                                     |
| Vehicles                            | 8  | 8                                      |

## ESDS Software Solution Limited

### Notes Forming Part of Separate Financial Statements for the year ended 31st March, 2023

\*The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The change in useful life is a change in estimate as per Ind AS 8, Ind AS 16 and the impact of the same on depreciation and resultant carrying amount has been applied prospectively.

### 2.3 Intangible assets (including intangible assets under development)

#### Software:

Intangible assets are recognized at cost. Intangible assets are amortised on a straight line basis over the estimated useful economic life so as to reflect the pattern in which the assets economic benefits are consumed.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Following summarizes the nature of intangible and the estimated useful life:

| Asset    | Useful life (in years) |
|----------|------------------------|
| Software | 10 and 3               |

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized.

## **2.4 Leases**

### **As a lessee**

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option, if the Company is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

**Notes Forming Part of Separate Financial Statements for the year ended 31st March, 2023**

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## **2.5 Trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

## **2.6 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **2.7 Unbilled revenue**

Unbilled revenue are recognised when there is excess of revenue earned over billings on contracts. Unbilled revenue are classified as financial asset, when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Invoicing to the clients for other fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled revenues for other fixed price contracts are classified as non-financial asset because the right to consideration is dependent on completion of contractual milestones.

## **2.8 Contract Fulfilment Cost**

The Company recognizes contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognized is charged to profit and loss, whenever the performance obligation in relation to this asset is satisfied.

## **2.9 Other financial assets**

### **(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### **(ii) Recognition**

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Company commits to purchase or sale the financial asset.

### **(iii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## **Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in Other Income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/ (losses). Impairment losses are presented as separate line item in the statement of profit and loss.

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### Notes Forming Part of Separate Financial Statements for the year ended 31st March, 2023

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in statement of profit and loss.

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

#### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer Note 35 for details stating how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### De-recognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **2.10 Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **Minimum Alternate Tax**

Ind AS 12 defines deferred tax to include carry forward of unused tax credits. MAT credits are in the form of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement should be grouped with deferred tax asset (net) in the Balance Sheet, and a separate note should be provided specifying the nature and amount of MAT credit included as part of deferred tax assets.

## **2.11 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some

or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a compulsorily convertible preference is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## **2.12 Employee benefit obligations**

Post-employment obligations

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity; and
- (b) Defined contribution plans such as provident fund.

### **Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

### **Defined contribution plans**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

## **2.13 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within the agreed credit days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the

reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **2.14 Unearned revenue**

Unearned revenue relates to billing done for services/ performance obligations which have not been performed as on the date of reporting. These billings are as per the terms of the contract with customers.

#### **2.15 Revenue from contracts with Customers**

Ind AS 115 Revenue from contracts with customers has been issued with effect from April 1, 2018. The new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

A new five-step process must be applied before revenue can be recognised:

- (i) Identify contracts with customers
- (ii) Identify the separate performance obligation
- (iii) Determine the transaction price of the contract
- (iv) Allocate the transaction price to each of the separate performance obligations, and
- (v) Recognise the revenue as each performance obligation is satisfied.

#### **Revenue recognition policy**

The Company has following streams of revenue:

- (i) Revenue from sale of services
- (ii) Revenue from sale of products

The Company accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenue from the sale of goods is recognized at the point in time when control is transferred to the customer - based on delivery terms, payment terms, customer acceptance and other indicators of control as mentioned above.

The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from contract with customers is recognized when the Company satisfies performance obligations by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. the 'transaction price' as the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts

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### **Notes Forming Part of Separate Financial Statements for the year ended 31st March, 2023**

collected on behalf of third parties. Accumulated experience is used to estimate and provide for the discounts/right of the return, using the expected value method.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

- (a) The customer simultaneously consumes the benefits as the Company performs, or
- (b) The customer controls the work-in-progress, or
- (c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date.

If none of the criteria above are met, the Company recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

#### **(i) Rendering of services (Turnkey revenue and Webhosting revenue)**

The Company provides hosting services, design, implementation and support services under fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered based on usage. For fixed-price contracts, revenue is recognised based on the actual service provided to the customer till the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual man hours spent relative to the total expected man hours. Some contracts (Especially in case of Turnkey projects) include multiple deliverables, such as the sale of hardware and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes a usage based fee, revenue is recognised in the amount to which Company has right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

#### **(ii) Sale of products**

Revenue from the sale of goods in the course of ordinary activities is recognised when property in the goods or significant risks and rewards of their ownership are transferred to the customer and significant uncertainty exists

regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of Goods and service tax and is net of discounts.

#### **2.16 Interest income**

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

#### **2.17 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

#### **2.18 Share-based payments**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 36.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### **2.19 Earnings per share**

##### **(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the period and excluding treasury shares (Refer note : 30).

##### **(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**4 Right to use Asset**

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023

| Particulars                     | Premises      | Server        | Amount        |
|---------------------------------|---------------|---------------|---------------|
| <b>Balance as on April 2021</b> | <b>569.47</b> | <b>424.90</b> | <b>994.37</b> |
| Addition                        | 1.30          |               | 1.30          |
| Amortisation                    | 93.99         | 51.24         | 145.22        |
| <b>Balance as on March 2022</b> | <b>476.78</b> | <b>373.66</b> | <b>850.45</b> |
| Addition                        | 92.88         | -             | 92.88         |
| Modification/Rectification      | 6.37          | 4.50          | 10.87         |
| Amortisation                    | 70.84         | 52.95         | 123.79        |
| <b>Balance as on March 2023</b> | <b>505.19</b> | <b>325.21</b> | <b>830.41</b> |

The aggregate amortisation expense on ROU assets is included under depreciation and amortization expense in the statement

The following is the break-up of current and non-current lease liabilities :

**Lease liabilities**

| Particulars  | March 31,2023 | March 31, 2022 |
|--------------|---------------|----------------|
| Non-current  | 558.70        | 608.31         |
| Current      | 145.20        | 205.00         |
| <b>Total</b> | <b>703.90</b> | <b>813.31</b>  |

Details Regarding contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis are as follows :

| Particulars          | March 31,2023 | March 31, 2022  |
|----------------------|---------------|-----------------|
| Less than One year   | 201.77        | 271.51          |
| One to Five years    | 461.53        | 484.76          |
| More than Five years | 292.03        | 334.35          |
| <b>Total</b>         | <b>955.33</b> | <b>1,090.61</b> |

**ESDS Software Solution Limited**  
**Notes Forming Part of Separate Financial Statements for the Year ended March 31, 2023**  
*(All amounts are in Rupees millions, unless otherwise stated)*

**3 Property, plant and equipment**

| Particulars  | Land         | Leasehold land improvements | Buildings     | Computer and data centre equipment | Office equipments | Furniture & fixture | Vehicles     | Total           |
|--|--------------|-----------------------------|---------------|------------------------------------|-------------------|---------------------|--------------|-----------------|
| <b>Opening gross carrying amount as on April 1, 2021</b>     | <b>65.67</b> | <b>53.19</b>                | <b>110.51</b> | <b>1,804.77</b>                    | <b>440.21</b>     | <b>67.61</b>        | <b>32.46</b> | <b>2,574.41</b> |
| Additions during the year                                    | -            | -                           | 0.13          | 223.49                             | 9.21              | 1.57                | -            | 234.39          |
| Disposals during the year                                    | -            | -                           | -             | -                                  | -                 | -                   | -            | -               |
| Impairment of assets**                                       | -            | -                           | -             | (13.62)                            | (13.99)           | -                   | -            | (27.61)         |
| <b>Gross carrying amount as on March 31, 2022</b>            | <b>65.67</b> | <b>53.19</b>                | <b>110.64</b> | <b>2,014.63</b>                    | <b>435.42</b>     | <b>69.18</b>        | <b>32.46</b> | <b>2,781.19</b> |
| <b>Accumulated depreciation till April 1, 2021</b>           | <b>1.11</b>  | <b>1.86</b>                 | <b>3.38</b>   | <b>386.77</b>                      | <b>90.00</b>      | <b>12.30</b>        | <b>8.72</b>  | <b>504.14</b>   |
| Charge for the year  | 0.73         | 0.93                        | 2.14          | 164.79                             | 53.88             | 7.10                | 4.15         | 233.72          |
| Accumulated depreciation on disposals during the year        | -            | -                           | -             | -                                  | -                 | -                   | -            | -               |
| <b>Closing accumulated depreciation as at March 31, 2022</b> | <b>1.84</b>  | <b>2.79</b>                 | <b>5.52</b>   | <b>551.56</b>                      | <b>143.88</b>     | <b>19.40</b>        | <b>12.87</b> | <b>737.85</b>   |
| <b>Net carrying amount as on March 31, 2022</b>              | <b>63.83</b> | <b>50.40</b>                | <b>105.12</b> | <b>1,463.07</b>                    | <b>291.55</b>     | <b>49.77</b>        | <b>19.59</b> | <b>2,043.34</b> |

| Particulars  | Land         | Leasehold land improvements | Buildings     | Computer and data centre equipment | Office equipments | Furniture & fixture | Vehicles     | Total           |
|--|--------------|-----------------------------|---------------|------------------------------------|-------------------|---------------------|--------------|-----------------|
| <b>Opening gross carrying amount as on April 1, 2022</b>     | <b>65.67</b> | <b>53.19</b>                | <b>110.64</b> | <b>2,014.63</b>                    | <b>435.42</b>     | <b>69.18</b>        | <b>32.46</b> | <b>2,781.19</b> |
| Additions during the year                                    | -            | -                           | -             | 224.15                             | 3.19              | 0.98                | 2.27         | 230.59          |
| Disposals during the year                                    | -            | -                           | -             | -                                  | -                 | -                   | (0.74)       | (0.74)          |
| Impairment of assets**                                       | -            | -                           | -             | (20.05)                            | (18.15)           | -                   | -            | (38.21)         |
| <b>Gross carrying amount as on March 31, 2023</b>            | <b>65.67</b> | <b>53.19</b>                | <b>110.64</b> | <b>2,218.73</b>                    | <b>420.46</b>     | <b>70.15</b>        | <b>33.99</b> | <b>2,972.83</b> |
| <b>Accumulated depreciation till April 1, 2022</b>           | <b>1.84</b>  | <b>2.79</b>                 | <b>5.52</b>   | <b>551.56</b>                      | <b>143.88</b>     | <b>19.40</b>        | <b>12.87</b> | <b>737.86</b>   |
| Charge for the year  | 0.73         | 0.93                        | 2.14          | 191.53                             | 61.36             | 7.21                | 4.15         | 268.07          |
| Accumulated depreciation on disposals during the year        | -            | -                           | -             | -                                  | -                 | -                   | (0.35)       | (0.35)          |
| <b>Closing accumulated depreciation as at March 31, 2023</b> | <b>2.57</b>  | <b>3.72</b>                 | <b>7.66</b>   | <b>743.09</b>                      | <b>205.24</b>     | <b>26.61</b>        | <b>16.67</b> | <b>1,005.57</b> |
| <b>Net carrying amount as on March 31, 2023</b>              | <b>63.10</b> | <b>49.46</b>                | <b>102.98</b> | <b>1,475.63</b>                    | <b>215.22</b>     | <b>43.54</b>        | <b>17.32</b> | <b>1,967.26</b> |

\*\*As per Ind As 36 - Impairment of assets, during the current year impairment testing for assets pertaining to locations outside India has been done by the management. Management believes that there were significant changes which had an adverse effect due to political environment in that foreign country to which the assets are dedicated. The management has estimated that none of these assets are recoverable as on date, hence, decided to impair the assets to the extent of non-recoverable amount.

For all items of property, plant and equipment, the Company has elected to continue with the carrying value as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and have used that as deemed costs.

Refer note no. 17 Footnote to borrowings for information on property, plant and equipment pledged as security by the Company.

Notes:

Refer to note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**5 Capital Work in Progress**

| <b>Particulars</b>                                       | <b>Capital work-in-progress</b> |
|--|---------------------------------|
| <b>Opening gross carrying amount as on April 1, 2021</b> | 3.70                            |
| Additions  | 0.70                            |
| Disposals  | 3.70                            |
| <b>Gross carrying amount as on March 31, 2022</b>        | <b>0.70</b>                     |

| <b>Particulars</b>                                       | <b>Capital work-in-progress</b> |
|--|---------------------------------|
| <b>Opening gross carrying amount as on April 1, 2022</b> | 0.70                            |
| Additions  | -                               |
| Disposals  | 0.70                            |
| <b>Gross carrying amount as on March 31, 2023</b>        | <b>-</b>                        |

**Notes:**

Refer to note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment and refer note 42 for ageing schedule

**ESDS Software Solution Limited**

**Notes Forming Part of Separate Financial Statements for the year ended March 31, 2023**

*(All amounts are in Rupees millions, unless otherwise stated)*

**6 Intangible assets**

| Particulars  | Softwares     |
|--|---------------|
| <b>Opening gross carrying amount as on April 1, 2021</b>     | <b>59.54</b>  |
| Additions during the year                                    | 2.07          |
| Add: Transfer from Intangible assets under development       | 59.39         |
| Disposals during the year                                    | -             |
| <b>Gross carrying amount as on March 31, 2022</b>            | <b>121.00</b> |
| <b>Accumulated Amortisation</b>                              |               |
| Balance as at April 1, 2021                                  | 17.48         |
| Amortisation charge for the year                             | 14.21         |
| Accumulated amortisation on disposals during the year        | -             |
| <b>Closing accumulated depreciation as at March 31, 2022</b> | <b>31.69</b>  |
| <b>Net carrying value as on March 31, 2022</b>               | <b>89.31</b>  |
| <b>Opening gross carrying amount as on April 1, 2022</b>     | <b>121.00</b> |
| Additions during the year                                    | 6.45          |
| Add: Transfer from Intangible assets under development       | -             |
| Disposals during the year                                    | -             |
| <b>Gross carrying amount as on March 31, 2023</b>            | <b>127.46</b> |
| <b>Accumulated Amortisation</b>                              |               |
| Balance as at April 1, 2022                                  | 31.69         |
| Amortisation charge for the year                             | 31.63         |
| Accumulated amortisation on disposals during the year        | -             |
| <b>Closing accumulated depreciation as at March 31, 2023</b> | <b>63.32</b>  |
| <b>Net carrying value as on March 31, 2023</b>               | <b>64.14</b>  |

**6.a Intangible assets under development**

| Particulars   | Intangible assets under development |
|---|-------------------------------------|
| <b>Opening gross carrying amount as on April 01, 2021</b> | 23.12                               |
| Additions during the year                                 | 36.27                               |
| Less : Transferred to Intangible assets                   | 59.39                               |
| <b>Gross carrying amount as on March 31, 2022</b>         | <b>-</b>                            |
| <b>Opening gross carrying amount as on April 01, 2022</b> | <b>-</b>                            |
| Additions during the year                                 | -                                   |
| Less : Transferred to Intangible assets                   | -                                   |
| <b>Gross carrying amount as on March 31, 2023</b>         | <b>-</b>                            |

\* Refer note no 42 for ageing schedule

7 Investments

| Particulars  | As at<br>March 31,2023 | As at<br>March 31,2022 |
|--|------------------------|------------------------|
| <b>Unquoted investment in body corporate at fair value through OCI</b> |                        |                        |
| <b>Investments in subsidiaries (refer note no 32)</b>                  |                        |                        |
| ESDS Internet Services Private Limited                                 |                        |                        |
| 9,000 ( 31 March, 2022 : 9,000) equity shares of Rs. 10 each           | 0.09                   | 0.09                   |
| Investment In Equity Shares of ESDS Global Software Solution Inc       |                        |                        |
| 1,000( 31 March, 2022: 1000) equity shares of \$1 each                 | 0.07                   | 0.07                   |
| Investment In Equity Shares of ESDS Cloud FZ LLC                       |                        |                        |
| 10 (31st March 2022:10) equity shares of AED 1000 each                 | 0.20                   | 0.20                   |
| Investment In Equity Shares of Spochub Solutions Private Limited -     |                        |                        |
| 19,980 (31 March,2022:19,980) equity shares of Rs 10 each              | 0.20                   | 0.20                   |
| <b>Total investments</b>   | <b>0.56</b>            | <b>0.56</b>            |

| Particulars   | As at<br>March 31,2023 | As at<br>March 31,2022 |
|---|------------------------|------------------------|
| <b>8.a Non current financial assets</b>                             |                        |                        |
| Term deposits with maturity more than 12 months from reporting date | 82.57                  | 151.35                 |
| Accrued interest on above term deposits                             | -                      | -                      |
| Other receivables (TDS reimbursements)                              | 1.94                   | 1.82                   |
| Security deposits   | 57.58                  | 50.60                  |
| <b>Total non-current financial assets</b>                           | <b>142.09</b>          | <b>203.77</b>          |
| <b>8.b Other current financial assets</b>                           |                        |                        |
| Security deposit  | 23.44                  | 33.79                  |
| Loan to subsidiaries [refer note no :32 ]                           | 34.64                  | 34.19                  |
| Other loans and advances  | 0.20                   | 4.92                   |
| Less: loss allowance  | -                      | (4.71)                 |
| Other receivables   | 25.62                  | 41.02                  |
| <b>Total other current financial assets</b>                         | <b>83.90</b>           | <b>109.21</b>          |

9 Other non-current assets

| Particulars                           | As at<br>March 31,2023 | As at<br>March 31,2022 |
|---------------------------------------|------------------------|------------------------|
| Capital advances                      | 2.18                   | 11.48                  |
| Less: loss allowance                  | -                      | (9.35)                 |
| <b>Total other non-current assets</b> | <b>2.18</b>            | <b>2.13</b>            |

10a Trade receivables

| Particulars  | As at<br>March 31,2023 | As at<br>March 31,2022 |
|--|------------------------|------------------------|
| Trade receivables from related parties [refer note 32] | -                      | -                      |
| Trade receivables from others                          | 730.49                 | 774.40                 |
| Less: loss allowance                                   | (149.67)               | (124.45)               |
| Less: credit impaired                                  | (15.65)                | (15.65)                |
| <b>Total trade receivables</b>                         | <b>565.17</b>          | <b>634.30</b>          |
| <b>Break-up of security details</b>                    |                        |                        |
| Trade receivables (unsecured)                          |                        |                        |
| Considered good  | 714.84                 | 758.74                 |
| Significant increase in credit risk                    | 15.65                  | 15.65                  |
| Less: expected credit loss allowance                   | (149.67)               | (124.45)               |
| Less: credit impaired                                  | (15.65)                | (15.65)                |
| <b>Total trade receivables</b>                         | <b>565.17</b>          | <b>634.30</b>          |

\*For ageing schedule refer note no: 42

10b Unbilled Receivable

| Particulars                   | As at<br>March 31,2023 | As at<br>March 31,2022 |
|-------------------------------|------------------------|------------------------|
| Unbilled Revenue              | 310.12                 | 339.05                 |
| <b>Total Unbilled Revenue</b> | <b>310.12</b>          | <b>339.05</b>          |

11 Cash and cash equivalents

| Particulars   | As at<br>March 31,2023 | As at<br>March 31,2022 |
|---|------------------------|------------------------|
| Balances with banks   | 87.62                  | 340.32                 |
| Term deposits with original maturity with less than 3 months        | 100.09                 | -                      |
| Lien marked Term deposits with original maturity less than 3 months | (30.00)                | -                      |
| <b>Total cash and cash equivalents</b>                              | <b>157.72</b>          | <b>340.32</b>          |

12 Other bank balances

| Particulars  | As at<br>March 31,2023 | As at<br>March 31,2022 |
|--|------------------------|------------------------|
| Term deposits with original maturity of more than 3 months but less than 12 months | 378.24                 | 146.39                 |
| Accrued Interest on above term deposits  | 0.81                   | -                      |
| <b>Earmarked balances with bank*</b>   |                        |                        |
| Lien marked Term deposits with original maturity less than 3 months                | 30.00                  | -                      |
| <b>Total other bank balances</b>   | <b>409.05</b>          | <b>146.39</b>          |

\* Earmarked balances with bank

The company holds term deposits with a total value of Rs. 560.90 millions as of the reporting date:

- Term deposits having original maturity of less than 3 months amounting to Rs. 100.09 millions out of which Rs. 30.00 millions have been liened against loans taken from bank. These Fixed deposits are not readily convertible into cash hence classified under other bank balances instead of cash and cash equivalents.

- Balance term deposits amounting to Rs. 460.81 millions out of which term deposits amounting to Rs. 440.02 millions have been liened against Bank guarantee and loans taken from bank.

This lien serves as a collateral to secure the repayment of borrowed funds. The liened term deposits classified as a restricted assets, reflecting their encumbrance and limited availability for other purposes.

**13 Income - tax assets**

| Particulars   | As at<br>March 31,2023 | As at<br>March 31,2022 |
|---|------------------------|------------------------|
| Advance tax and tax deducted at source (net of provision) | 230.55                 | 154.29                 |
| <b>Total income - tax assets</b>                          | <b>230.55</b>          | <b>154.29</b>          |

**Movement in income-tax assets**

13.a

| Particulars  | As at<br>March 31,2023 | As at<br>March 31,2022 |
|--|------------------------|------------------------|
| Opening balance  | 154.29                 | 55.47                  |
| Tax charge during the year                                     | -                      | (4.02)                 |
| Refund of taxes  | 62.89                  | -                      |
| Payment of advance tax/ tax deducted at source during the year | 139.15                 | 104.66                 |
| <b>Closing balance</b>   | <b>230.55</b>          | <b>154.29</b>          |

**14 Other current assets**

| Particulars  | As at<br>March 31,2023 | As at<br>March 31,2022 |
|--|------------------------|------------------------|
| Prepayments  | 134.10                 | 174.16                 |
| Advances to creditors  | 4.82                   | 13.91                  |
| Advances to employees [include Rs.(2022: Rs. 0.14) to related parties refer note:32] | 1.11                   | 1.72                   |
| Balances with statutory / government authorities                                     | 9.36                   | 33.40                  |
| Share issue expenses (to the extent of not written off or adjusted)*                 | -                      | 16.48                  |
| Contract fulfillment costs**   | 33.23                  | -                      |
| <b>Total other current assets</b>  | <b>182.62</b>          | <b>239.68</b>          |

\*The Company has incurred share issue expenses of INR 74.39 million for a proposed Initial Public Offer of the shares of the Company through Decemeber 03, 2022 [one year anniversary after the regulatory approval of the DRHP] ( March 31, 2022: 53.28) in connection with proposed public offer of equity shares. In relation to the expenses incurred for the proposed Initial Public Offer, the selling shareholders had agreed that the expenses incurred by the Company till date (including any tax reimbursements) will be reimbursed to the extent of INR 25.62 million. The proposed public offer of equity shares is not completed and the company share of expenses have been written off to the profit and loss account (refer note no :29) and the amount to be borne by the selling shareholders has been reflected in Other receivables.

\*\*Company have procured liscenses and softwares from the vendor and delivered the same to its customer. However the installation of the same was pending as at 31st March 2023. As per para no 22 of IND AS 115, the revenue related to such software/liscenses can only be recognised when the installation is completed. Company have conformed with IND AS 115 and have parked it as "Unearned revenue" of INR 47.83 Mn in financial statements. The cost incurred on procurement of such liscense/softwares is shown under current asset as " Contract fulfillment costs" of INR 33.23 Mn as revenue against the liscenses/softwares will be recognised only when the installation is complete.

15 Equity share capital

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Authorised share capital:</b>  |                         |                         |
| 11,50,00,000 (2022: 11,50,00,000) equity shares of Rs 1 each**                            | 115.00                  | 115.00                  |
| 31,50,000 (2022: 31,50,000) 0.01% compulsory convertible preference shares of Rs 100 each | 315.00                  | 315.00                  |
| 2,00,000 (2022:2,00,000) 16% compulsory convertible preference shares of Rs 100 each      | 20.00                   | 20.00                   |
| 10,00,000 (2022: 10,00,000 ) 0.01% compulsory convertible preference shares of Rs 10 each | 10.00                   | 10.00                   |
| <b>Total</b>  | <b>460.00</b>           | <b>460.00</b>           |
| <b>Issued, subscribed and paid up :</b>   |                         |                         |
| Equity share capital  |                         |                         |
| 9,28,94,185 (2022: 9,15,71,685 )equity shares of Rs 1 each fully paid up***               | 92.89                   | 91.57                   |
| <b>Total</b>  | <b>92.89</b>            | <b>91.57</b>            |

\*\*Pursuant to a resolution of the Shareholders passed in the extraordinary general meeting held on July 26, 2021, each fully paid up equity share of the Company of face value ₹10 was subdivided into 10 Equity Shares of face value of ₹ 1 each. Accordingly, the cumulative number of equity shares of the Company was changed from 5,222,100 equity shares of ₹ 10 each to 52,221,000 Equity Shares of ₹ 1 each.

\*\*\*Pursuant to a resolution of the Board of Directors passed in the Board Meeting held on December 03,2021 following class of compulsory convertible preference shares and compulsory convertible debentures are converted into equity shares of the company.

| Securities held prior to conversion |                      |            | Equity shares allotted on conversion |                      |
|-------------------------------------|----------------------|------------|--------------------------------------|----------------------|
| Security Name                       | Number of Securities | Face Value | Security Name                        | Number of Securities |
| CCCPS                               | 23,51,477            |            | 100 Equity Shares                    | 2,35,14,770          |
| Class A CCPS                        | 5,67,866             |            | 100 Equity Shares                    | 66,92,157            |
| CCD                                 | 4,61,934             |            | 479 Equity Shares                    | 11,39,908            |
| Class B1 CCPS                       | 1,62,842             |            | 100 Equity Shares                    | 3,25,920             |
| Class C CCPS                        | 6,77,930             |            | 10 Equity Shares                     | 6,77,930             |

\*\*\*Pursuant to a resolution of the Board of Directors passed in the Board Meeting held on December 03,2021 ,the board of directors of the company accorded to offer,issue and allot 70,00,000 equity shares of the company by way of right issue having face value of Rs 1 each to its existing equity shareholders as on date.

| Sr No        | Share Holders                          | Equity shares offered |
|--------------|--|-----------------------|
| 1            | Piyush Somani                          | 20,52,696             |
| 2            | Sarla Somani                           | 1,53,122              |
| 3            | PO Somani Family Trust                 | 17,17,478             |
| 4            | Prajakta Jadhav                        | 1                     |
| 5            | Komal Somani                           | 1                     |
| 6            | Pooja Somani                           | 1                     |
| 7            | ESOP Trust                             | 1,82,094              |
| 8            | South Asia Growth Fund II LP           | 15,83,506             |
| 9            | South Asia Growth Fund II Holdings LLC | 7,26,668              |
| 10           | GEF ESDS Partners LLC                  | 5,79,753              |
| 11           | South Asia EBT Trust                   | 4,680                 |
| <b>Total</b> |  | <b>70,00,000</b>      |

(i) Reconciliation of number of equity shares issued

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Shares outstanding at the beginning of the year                                  | 9,15,71,685             | 52,22,100               |
| Split of shares from face value Rs.10 to Re.1                                    | -                       | 5,22,21,000             |
| Add: Conversion of 0.01% compulsory convertible preference shares of Rs 100 each | -                       | 2,35,14,770             |
| :Conversion of 16% compulsory convertible preference shares of Rs 100 each       | -                       | 70,18,077               |
| :Conversion of 0.01% compulsory convertible preference shares of Rs 10 each      | -                       | 6,77,930                |
| :Conversion of Compulsory Convertible Debentures                                 | -                       | 11,39,908               |
| :Right Issues of Equity Shares   | -                       | 70,00,000               |
| -  | 13,22,500               | -                       |
| <b>Shares outstanding at the end of the year</b>                                 | <b>9,28,94,185</b>      | <b>9,15,71,685</b>      |

\*Company have opened a Pre-IPO placement for its equity shares of 26,81,818 out of which shares application money for 13,63,637 shares have been received as at 31st March 2022 having face value of Rs.1 and premium of Rs.219. However on 06th May 2022 company have decided to withdraw the pre-ipo placement and refund the money to the subscribers. On 12th May 2022 company have opened a new pre-Ipo placement offer and completed the offer by issuing 13,22,500 shares to the shareholders having face value of Rs 1 and premium of Rs 219.

(ii) Reconciliation of issued equity share capital

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Equity share capital at the beginning of the year                                | 91.57                   | 52.22                   |
| Add: Conversion of 0.01% compulsory convertible preference shares of Rs 100 each | -                       | 23.51                   |
| :Conversion of 16% compulsory convertible preference shares of Rs 100 each       | -                       | 7.02                    |
| :Conversion of 0.01% compulsory convertible preference shares of Rs 10 each      | -                       | 0.68                    |
| :Conversion of Compulsory Convertible Debentures                                 | -                       | 1.14                    |
| :Right Issues of Equity Shares   | -                       | 7.00                    |
| : Fresh issue  | 1.32                    | -                       |
| <b>Equity share capital outstanding at the end of the year</b>                   | <b>92.89</b>            | <b>91.57</b>            |

(iii) Terms/ rights attached to equity shares

The equity shares referred to as 'Ordinary equity shares' have a par value of Rs. 1 each. All Ordinary equity shares rank equally with regard to dividend and share in the Company's residual assets. Equity shares are entitled to receive dividend declared from time to time subject to payment of dividend to preference shareholders. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(iv) Details of shareholders holding more than 5% equity shares is set out below

| Name of the shareholder                | As at March 31, 2023 |                    | As at March 31, 2022 |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | % holding            | No. of shares      | % holding            | No. of shares      |
| Piyush Somani                          | 28.91%               | 2,68,52,696        | 29.32%               | 2,68,52,696        |
| PO Somani Family Trust                 | 24.19%               | 2,24,67,478        | 24.54%               | 2,24,67,478        |
| Sarla Somani                           | 2.02%                | 18,74,910          | 2.07%                | 18,97,637          |
| SAGF II Holdings LLC                   | 10.23%               | 95,06,036          | 10.38%               | 95,06,036          |
| South Asia Growth Fund II, L.P. (SAGF) | 22.30%               | 2,07,14,896        | 22.62%               | 2,07,14,896        |
| GEF ESDS Partners, L.L.C. (GEPL)       | 8.16%                | 75,84,133          | 8.28%                | 75,84,133          |
| Esds Employee Benefit Trust            | 2.56%                | 23,82,094          | 2.60%                | 23,82,094          |
| <b>Total no of shares</b>              |                      | <b>9,28,94,185</b> |                      | <b>9,15,71,685</b> |

(v) Details of shareholding of promoters is set out below

| Promoter Name | Shares held by promoters at the end of the year |                   | % change during the year |
|---------------|---|-------------------|--------------------------|
|               | No. of shares                                   | % of total shares |                          |
| Piyush Somani | 2,68,52,696                                     | 28.91%            | -0.42%                   |

(vi) Aggregate number of bonus shares issued during the year of five years immediately preceding the reporting date : Nil

16 Other equity

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>I. Reserves and surplus</b>   |                         |                         |
| Retained earnings  | 401.64                  | 596.03                  |
| Securities premium   | 1,704.10                | 1,414.48                |
| Capital redemption reserve   | 3.58                    | 3.58                    |
| Debt redemption reserve  | 75.00                   | 30.00                   |
| <b>Total reserves and surplus</b>  | <b>2,184.33</b>         | <b>2,044.09</b>         |
| <b>(i) Retained earnings</b>   |                         |                         |
| Opening balance  | 596.03                  | 601.53                  |
| Profit for the year  | (150.32)                | 21.05                   |
| Other comprehensive income   | (0.19)                  | 2.34                    |
| Add/ (Less) :  |                         |                         |
| Transfer to capital redemption reserve   |                         |                         |
| Transfer to/(from)Debt redemption reserve  | (45.00)                 | (30.00)                 |
| Adjustment of additional depreciation on increase in carrying value due to fair valuation transferd from revaluation reserve | 1.12                    | 1.12                    |
| <b>Total retained earnings</b>   | <b>401.64</b>           | <b>596.03</b>           |
| <b>(ii) Securities premium</b>   |                         |                         |
| Opening balance  | 1,414.48                | 6.85                    |
| Add: Premium on issue of equity shares   | 289.63                  |                         |
| Add: On account of conversion of preference shares   |                         | 1,407.63                |
| <b>Total securities premium</b>  | <b>1,704.10</b>         | <b>1,414.48</b>         |
| <b>(iii) Capital redemption reserve</b>  |                         |                         |
| Opening balance  | 3.58                    | 3.58                    |
| Add: Transfer from retained earnings   |                         |                         |
| <b>Total capital redemption reserve</b>  | <b>3.58</b>             | <b>3.58</b>             |
| <b>(iv) Debt redemption reserve</b>  |                         |                         |
| Opening balance  | 30.00                   | --                      |
| Add: Transfer (from)/to retained earnings  | 45.00                   | 30.00                   |
| <b>Total Debt redemption reserve</b>   | <b>75.00</b>            | <b>30.00</b>            |

|  |                 |                 |
|--|-----------------|-----------------|
| <b>III. Other reserves</b>   |                 |                 |
| <b>(i) Revaluation reserve</b>   |                 |                 |
| Opening balance  | 64.16           | 65.28           |
| Add: adjustment on account of transition to Ind AS   |                 |                 |
| Less: adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings | (1.12)          | (1.12)          |
| Less: deferred tax impact on above adjustments   |                 |                 |
| <b>Total revaluation reserve</b>   | <b>63.04</b>    | <b>64.16</b>    |
| <b>(ii) Share based payment reserve</b>  |                 |                 |
| Opening balance  | 5.45            | --              |
| Expense recognized for the year  | 5.44            | 5.45            |
| Transfer to securities premium account on exercise of stock options  |                 |                 |
| Transfer to statement of profit and loss on account of forfeiture of vested stock options  |                 |                 |
| <b>Total share based payment reserve</b>   | <b>10.89</b>    | <b>5.45</b>     |
| <b>Total other reserves</b>  | <b>73.93</b>    | <b>69.61</b>    |
| <b>Total equity</b>  | <b>2,258.26</b> | <b>2,113.70</b> |

D) Reconciliation of compound financial instruments

(i) Reconciliation of number compulsory convertible preference shares outstanding at the beginning and at the end of the year

| Particulars                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>            |                         |                         |
| Shares outstanding at the beginning of the year  | -                       | 23,51,477               |
| Shares issued during the year                    | -                       | 23,51,477               |
| Conversion of preference shares                  |                         |                         |
| <b>Shares outstanding at the end of the year</b> | <b>-</b>                | <b>-</b>                |

(ii) Reconciliation of compulsory convertible preference shares (class A) outstanding at the beginning and at the end of the year

| Particulars                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>            |                         |                         |
| Shares outstanding at the beginning of the year  | -                       | 5,67,866                |
| Shares issued during the year                    | -                       | 5,67,866                |
| Conversion of preference shares                  |                         |                         |
| <b>Shares outstanding at the end of the year</b> | <b>-</b>                | <b>-</b>                |

(iii) Reconciliation of compulsory convertible preference shares (class B1) outstanding at the beginning and at the end of the year

| Particulars                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>            |                         |                         |
| Shares outstanding at the beginning of the year  | -                       | 1,62,842                |
| Shares issued during the year                    | -                       | 1,62,842                |
| Redemption of preference shares                  |                         |                         |
| <b>Shares outstanding at the end of the year</b> | <b>-</b>                | <b>-</b>                |

(iv) Reconciliation of compulsory convertible preference shares (class C) outstanding at the beginning and at the end of the year

| Particulars                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>            |                         |                         |
| Shares outstanding at the beginning of the year  | -                       | -                       |
| Shares issued during the year                    | -                       | 6,77,930                |
| Conversion of preference shares                  | -                       | 6,77,930                |
| <b>Shares outstanding at the end of the year</b> | <b>-</b>                | <b>-</b>                |

(v) Reconciliation of compulsory convertible debtneures outstanding at the beginning and at the end of the year

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>                |                         |                         |
| Shares outstanding at the beginning of the year      | -                       | 4,61,934                |
| Shares issued during the year                        | -                       | 4,61,934                |
| Conversion of debtneures                             |                         |                         |
| <b>Debtneures outstanding at the end of the year</b> | <b>-</b>                | <b>-</b>                |

II) Nature and purpose of reserves

a) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

b) Capital Redemption Reserve

Capital Redemption reserve is created on account of redemption of shares. These reserve is utilized in accordance with the provisions of the Companies Act, 2013.

c) Debenture Redemption Reserve

Debenture redemption reserve have been created at 10% of the value of the outstanding non-convertible debentures. Company needs to invest/deposit into Debenture Redemption Fund Investment account at 15% of the amount to be redeemed if any in next financial year.

d) Revaluation Reserve

Revaluation reserve have been created on account of revaluation of land and building, adjusted with additional depreciation and taxes on the same.

e) Share based payment reserve

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option

**17 Financial Liabilities**  
**17.a Non current borrowings**

| Particulars  | As at<br>March 31,2023 | As at<br>March 31,2022 |
|--|------------------------|------------------------|
| <b>Secured Non-Convertible Debentures</b>            |                        |                        |
| 300 Non Convertible Debentures (FV=10,00,000 each)*  | -                      | 300.00                 |
| 750 Non Convertible Debentures (FV=10,00,000 each)** | 750.00                 | -                      |
| Add:Accured amount                                   | 17.88                  | -                      |
| <b>Secured:</b>                                      |                        |                        |
| Term Loans   |                        |                        |
| From banks   | 307.57                 | 464.74                 |
| From financial institutions                          | 70.55                  | 148.80                 |
| Vehicle loans from banks                             | 9.32                   | 10.25                  |
| <b>Unsecured:</b>                                    |                        |                        |
| Term loans:  |                        |                        |
| From financial institutions                          | -                      | 3.65                   |
| <b>Total</b>   | <b>1,155.33</b>        | <b>927.43</b>          |
| Less : Current maturities of non-current borrowings  | (225.53)               | (271.30)               |
| <b>Total non - current borrowings</b>                | <b>929.80</b>          | <b>656.13</b>          |

\*\*Company have issued 750 Unlisted,secured,reedmable, Non Convertible Debentures (NCDs) having face value of 10,00,000 each to Piramal Structred Credit Opportunites Fund in October 2022 till the final redemption date i.e the date which is 84 months from the effective date or the date on which all the Debenture secured obligation are fully paid. Coupon shall be 10% per annum compounded and payable monthly on and from the closing date untill the debenture final settlement date.The company have agreed to meet the investor return which shall be equivalent to 15.5% p.a for the first two years and 15% thereafter untill the debenture final settlement date. (refer footnote 17.6 for security details)

Accured amount shall mean the difference between Investor return and coupon paid for initial period of 24 months from the closing date.

\*On 05th January 2022,Company have issued 300 Non-Convertible Debtenures of Face Value of Rs.10,00,000 each for Rs.300 millions at 12% p.a redemable within 13 months from date of issue.However company have fully repaid the Non-Convertible debtenures on 21st May 2022.

**17.b Current borrowings**

| Particulars                                | As at<br>March 31,2023 | As at<br>March 31,2022 |
|--|------------------------|------------------------|
| <b>Secured:</b>                            |                        |                        |
| Demand loans from banks                    | 204.81                 | 178.00                 |
| Current maturities of long term borrowings | 225.53                 | 271.30                 |
| <b>Unsecured:</b>                          |                        |                        |
| From financial institutions                | -                      | -                      |
| <b>Total current borrowings</b>            | <b>430.33</b>          | <b>449.30</b>          |

**18 Other current financial liabilities**

| Particulars   | As at<br>March 31,2023 | As at<br>March 31,2022 |
|---|------------------------|------------------------|
| <b>Current</b>  |                        |                        |
| Capital creditors**   | 28.46                  | 143.66                 |
| Interest accrued but not due on borrowings  | 0.60                   | 4.08                   |
| Accrued employee liabilities  |                        |                        |
| Related parties [refer note:32]   | -                      | -                      |
| Others  | 14.60                  | 67.61                  |
| Other payables  | 11.56                  | 11.03                  |
| Application money received for allotment of securities to the extent refundable and interest accrued thereon^ | -                      | 300.00                 |
| <b>Total current other financial liabilities</b>  | <b>55.22</b>           | <b>526.38</b>          |

\*\* Capital Creditors are generally of current in nature ,but are considered to be non current wherever the company has unconditional right to defer the payment beyond 12 months from the reporting date.

^ Company have opened a Pre-IPO placement for its equity shares of 26,81,818 out of which shares application money for 13,63,637 shares have been received as at 31st March 2022 having face value of Rs.1 and premium of Rs.219.

**19 Employee benefit obligations**

| Particulars                           | As at<br>March 31,2023 | As at<br>March 31,2022 |
|---------------------------------------|------------------------|------------------------|
| <b>Non-current</b>                    |                        |                        |
| Gratuity [refer note:34]              | 51.61                  | 44.40                  |
| Compensated absences                  | 39.45                  | 39.55                  |
| <b>Total non -current obligations</b> | <b>91.05</b>           | <b>83.95</b>           |
| <b>Current</b>                        |                        |                        |
| Gratuity [refer note:34]              | 1.59                   | 1.45                   |
| Compensated absences                  | 1.49                   | 1.64                   |
| <b>Total current obligations</b>      | <b>3.08</b>            | <b>3.09</b>            |

**Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a non funded plan and the Company makes gratuity payments to employees.

**20 Trade payables**

| Particulars                                 | As at<br>March 31,2023 | As at<br>March 31,2022 |
|---|------------------------|------------------------|
| Trade payables                              |                        |                        |
| Micro and small enterprises (refer note 38) | 59.78                  | 10.70                  |
| Related parties [refer note:32]             | -                      | -                      |
| Others                                      | 181.01                 | 238.77                 |
| Provision for expenses                      | 25.14                  | 18.79                  |
| <b>Total trade payables</b>                 | <b>265.93</b>          | <b>268.26</b>          |

\*Refer note no 42 for ageing schedule

Disclosure pursuant to Micro, Small & Medium Enterprises Development Act, 2006 for dues to micro, small & medium enterprises is as under

| Sr.No | Details of dues to micro and small enterprises as defined under the MSMED Act, 2006   | March 31,2023 | March 31,2022 |
|-------|---|---------------|---------------|
| 1     | Principal amount due to suppliers registered per the MSMED Act and remaining unpaid as at year end  | 59.78         | 10.70         |
| 2     | Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end  | 2.56          | -             |
| 3     | Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during during the year  | -             | -             |
| 4     | Amount of interest due and payable for the period of delay in making payments but without adding interest specified under MSMED Act, 2006   | -             | -             |
| 5     | The amount of interest accrued and remaining unpaid at the end of year  | 2.56          | -             |
| 6     | Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006 | -             | -             |

**21 Other current liabilities**

| Particulars                            | As at<br>March 31,2023 | As at<br>March 31,2022 |
|--|------------------------|------------------------|
| Statutory liabilities                  | 21.10                  | 9.31                   |
| Advance from customers                 | 6.12                   | 7.43                   |
| Unearned revenue                       | 96.91                  | 82.45                  |
| Unpaid dividend on Preferences Shares  | 0.04                   | 0.04                   |
| <b>Total other current liabilities</b> | <b>124.17</b>          | <b>99.24</b>           |

Footnotes to note 17

As at 31st March 2023

| Sr. No | Name of the bank                             | Type of Facility  | Out amount as at year End | Residual repayment term | Interest Rate   | Security   |
|--------|--|---|---------------------------|-------------------------|---|--|
|        | Axis Bank Ltd.                               | Term Loans  | 258.82                    | upto 3 years 9 months   | Ranging from 8.75% to 8.80%   | <p>Primary - First part pass charge on entire current Asset of the company both present and future excluded charged to SIDBI</p> <p>Collateral -</p> <ol style="list-style-type: none"> <li>1. First part pass charge with Indusind on land and building of the company, situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Sagar, MIDC, Nashik, Maharashtra - 422007</li> <li>2. First part pass charged with Indusind INR 113.10 Mn</li> <li>3. Exclusive charge on FD of Rs. 10Mn</li> <li>4. Common Collateral for all the facilities) - Part Pass charge with Indusind on - Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Sagar, MIDC, Maharashtra - 422007</li> <li>5. Personal Guarantee of the Piyush Somani &amp; Sarla Somani</li> <li>6. PG Piyush Somani &amp; Sarla Somani</li> </ol>   |
|        | Axis Bank Ltd.                               | Short Term Loans  | 157.36                    | On demand               | 8.75%   | <p>Primary - First part pass charge on entire current Asset of the company both present and future excluded charged to SIDBI</p> <p>Collateral -</p> <ol style="list-style-type: none"> <li>1. First part pass charge with Indusind on land and building of the company, situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Sagar, MIDC, Maharashtra - 422007</li> <li>2. First part pass charged with Indusind INR 113.00 Mn</li> <li>3. Exclusive charge on FD of Rs. 10Mn</li> <li>4. Common Collateral for all the facilities) - Part Pass charge with Indusind on - Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Sagar, MIDC, Maharashtra - 422007</li> <li>5. Personal Guarantee of the Piyush Somani &amp; Sarla Somani</li> </ol>   |
|        | Citi Finance India Private Limited           | Equipment Loan  | 6.26                      | 8 months                | 12.50%  | <p>Primary: First and exclusive charge on the equipment financed by the lender.</p> <p>Loan on Fixed Deposits of Rs 2.97 million</p>   |
|        | SIDBI*                                       | RLOC (Long Term Loans)  | 7.86                      | upto 1.5 years          | 10.60%  | <p>Primary - 1st charge by way of hypothecation on all the movables of the borrower including P&amp;M, equipment, machinery spares, tools &amp; accessories, office equipment, computers, furniture &amp; fixtures, misc. fixed assets etc.</p> <p>Collateral - 1st charge in favour of SIDBI on cash flows generated from orders to be routed through designated escrow account</p> <p>1st charge in favour of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept for meeting debt service during temporary instances of liquidity tightness.</p> <p>Extension of 1st charge by way of hypothecation in favour of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the company by SIDBI</p> <p>1st charge on escrow account with minimum balance of at least 3 month's debt servicing obligations to be retained. The amount will be used as first loss guarantee and SIDBI at its discretion, would set off over dues (if any) in respect of Interest/principal/FPP remaining unpaid</p> <p>POA in favour of SIDBI for creation of residual charge in favour of SIDBI by way of mortgage on its office land &amp; building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Sagar, Nashik - 422007.</p> |
|        | Tata Capital Financial Services              | Equipment Loan  | 56.44                     | upto 1.5 years          | Ranging from 10.25% to 12.0%  | <p>Primary: Plant and Machinery purchased out of Term Loan</p> <p>Loan on Fixed Deposits of Rs. 105 million</p>  |
|        | Piramal Structured Credit Opportunities Fund | Non-Convertible Debentures (including accrued amount for IIS thereof) | 767.88                    | 9 years 3 months        | Coupon rate 10% p.a., IRR equivalent to 15.5% p.a for first 2 years and 15% there after | <p>The Debenture Secured Obligations, in respect of the Debentures and the performance by the Issuer of its obligations in relation thereto, shall be secured by creation and perfection of the Security Interest in favour of the Debenture Trustee for the benefit of the Debenture Holders, in the following manner:</p> <ol style="list-style-type: none"> <li>1. Second charge over all the immovable assets (present &amp; future) of the Issuer;</li> <li>2. Second charge over all movable fixed assets (present &amp; future) of the Issuer;</li> <li>3. Second charge over all present and future movable assets of the Issuer (present and future);</li> <li>4. Second charge over all current assets (present &amp; future) of the Issuer;</li> <li>5. Second charge on the cash flows of the Issuer, both present and future; and</li> <li>6. Second charge over all the patented technology and patented products of the Issuer; and</li> <li>7. Personal Guarantee of the Piyush Somani &amp; Sarla Somani</li> </ol>   |
|        | Kotak Mahindra Prime Limited                 | Vehicle Loan  | 4.35                      | upto 8 months           | 9.19%   | Primary: Vehicle Purchased out of Loan   |
|        | HDFC Bank Limited                            | Vehicle Loan  | 2.69                      | 17 months               | 8.25%   | Primary: Vehicle Purchased out of Loan   |
|        | Industrial Bank Limited                      | Term Loans  | 48.75                     | 3 years 3 months        | 9.60%   | <p>Primary:</p> <ol style="list-style-type: none"> <li>1. DSRA for Term Loan equivalent to 5.5 Mn</li> <li>2. Movable Fixed Assets: Exclusive charge on entire movable fixed asset financed by Industrial bank</li> <li>3. First part-pass charge on entire movable fixed asset excluding those financed by Axis Bank</li> <li>4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on part pass basis with Axis Bank excluding receivables charged to SIDBI</li> </ol> <p>Collateral:</p> <ol style="list-style-type: none"> <li>1. Land &amp; building First part-pass charge on Industrial Land &amp; Building at Plot No. B 24, 25, NICE Industrial Area, Sagar MIDC.</li> <li>2. First part pass charged with Indusind INR 113.00 Mn</li> <li>3. Exclusive charge on FD of Rs. 25Mn</li> <li>4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Industrial Bank.</li> <li>5. Personal Guarantee of the Piyush Somani &amp; Sarla Somani</li> </ol>  |
|        | Industrial Bank Limited                      | Short Term Loans  | 47.45                     | On demand               | 8.60%   | <p>Primary:</p> <ol style="list-style-type: none"> <li>1. DSRA for Term Loan equivalent to 5.5 Mn</li> <li>2. Movable Fixed Assets: Exclusive charge on entire movable fixed asset financed by Industrial bank</li> <li>3. First part-pass charge on entire movable fixed asset excluding those financed by Axis Bank</li> <li>4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on part pass basis with Axis Bank excluding receivables charged to SIDBI</li> </ol> <p>Collateral:</p> <ol style="list-style-type: none"> <li>1. Land &amp; building First part-pass charge on Industrial Land &amp; Building at Plot No. B 24, 25, NICE Industrial Area, Sagar MIDC.</li> <li>2. First part pass charged with Indusind INR 113.00 Mn</li> <li>3. Exclusive charge on FD of Rs. 25Mn</li> <li>4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Industrial Bank.</li> <li>5. Personal Guarantee of the Piyush Somani &amp; Sarla Somani</li> </ol>  |
|        | HDFC Bank Ltd                                | Vehicle Loan  | 2.28                      | 12 months               | 8.30%   | Primary: Vehicle Purchased out of Loan   |
|        | <b>Total</b>                                 |   | <b>1,340.13</b>           |                         |   |  |

| Sl. No.      | Name of the bank                  | Type of Facility           | Out amount as at FY End | Residual repayment term | Interest Rate                 | Security   |
|--------------|-----------------------------------|----------------------------|-------------------------|-------------------------|-------------------------------|--|
| 1            | Axis Bank Ltd.                    | Term Loans                 | 327.38                  | upto 4 years 9 months   | Ranging from 8.75% to 8.80%   | <p><b>Primary</b> – First hypothecation charge on entire movable fixed assets financed by Axis Bank Ltd. (both Present &amp; Future)</p> <p><b>Collateral</b> – Extension of First hypothecation charge on entire current assets of the company (both present &amp; future) on pari passu basis with SBI, excluding receivables charged to SBI.</p> <p><b>Common Collateral (for all the facilities)</b> - Pari Passu charge with SBI on – Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p><b>Additional Collateral (for all the facilities)</b> –<br/> DSRA of Rs. 4.71 million<br/> RD of Rs. 0.5 million per month<br/> FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)<br/> FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)<br/> Charge on patented technology and patented products of the company</p>  |
| 2            | Axis Bank Ltd.                    | Short Term Loans           | 91.75                   | On demand               | 8.75%                         | <p><b>Primary</b> - First hypothecation charge on entire current assets of the company (both present &amp; future) on pari passu basis with SBI, excluding receivables charged to SBI.</p> <p><b>Collateral</b> – Extension of first hypothecation charge on entire movable fixed assets of the company financed by Axis Bank Ltd.</p> <p><b>Common Collateral (for all the facilities)</b> - Pari Passu charge with SBI on – Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p><b>Additional Collateral (for all the facilities)</b> –<br/> DSRA of Rs. 4.71 million<br/> RD of Rs. 0.5 million per month<br/> FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)<br/> FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)<br/> Charge on patented technology and patented products of the company</p>   |
| 3            | State Bank of India               | Term Loans                 | 73.42                   | upto 3 years 2 months   | 10.20%                        | <p><b>Primary</b> - Exclusive charge by hypothecation of P&amp;M purchased out of SBI TL</p> <p><b>Collateral</b> - Extension of charge on hypothecation of all current assets of the company 1st pari passu charge with Axis Bank Ltd. excluding receivables charged to SBI.</p> <p><b>Common Collateral</b> - Pari Passu charge with Axis Bank Ltd. on – Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>1st pari passu RD of Rs. 0.5 million per month<br/> 1st pari passu on FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)<br/> 1st pari passu on FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)<br/> Exclusive charge on FD of 0.25 Cr.</p>  |
| 4            | State Bank of India               | Short Term Loans           | 36.25                   | On demand               | 7.40%                         | <p><b>Primary</b> - Hypothecation charge on entire current assets of the company (both present &amp; future) on pari passu basis with Axis Bank Ltd. excluding receivables charged to SBI.</p> <p><b>Collateral</b> - Extension of exclusive charge by hypothecation of plant &amp; machinery purchased out of SBI TL, for Bengaluru Data Centre and extension of 1st pari passu charge by hypothecation of P&amp;M purchased out of the project financed from consortium TLL.</p> <p><b>Common Collateral</b> - Pari Passu charge with Axis Bank Ltd. on – Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>1st pari passu RD of Rs. 0.5 million per month<br/> 1st pari passu on FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)<br/> 1st pari passu on FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)<br/> Exclusive charge on FD of Rs. 2.5 million</p>  |
| 5            | CSB Finance India Private Limited | Equipment Loan             | 13.96                   | 20 months               | 12.50%                        | <p><b>Primary</b> - First and exclusive charge on the equipment financed by the lender.</p> <p><b>Lien on Security Deposits</b> of Rs. 2.97 million</p>  |
| 6            | Hero FinCorp Ltd                  | Equipment Loan             | 11.32                   | upto 9 months           | 12.00%                        | <p><b>Primary</b> - Hypothecation lien marked on the assets being funded by Hero FinCorp Limited</p> <p>PG of Piyush Somani &amp; Sarla Somani</p>   |
| 7            | SIDBI*                            | RLQC (Long Term Loans)     | 18.85                   | upto 2 years 6 months   | 10.60%                        | <p><b>Primary</b> – 1st charge by way of hypothecation on all the movables of the borrower including P&amp;M, equipment, machinery spares, tools &amp; accessories, office equipment, computers, furniture &amp; fixtures, misc. fixed assets etc.</p> <p><b>Collateral</b> – 1st charge in favor of SIDBI on cash flows generated from orders to be routed through designated escrow account.</p> <p>1st charge in favor of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept for meeting debt service during temporary instances of liquidity tightness.</p> <p>Extension of 1st charge by way of hypothecation in favor of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the company by SIDBI</p> <p>1st charge on escrow account with minimum balance of at least 3 month's debt servicing obligations to be retained. The amount will be used as first loss guarantee and SIDBI at its discretion, would set off over dues (if any) in respect of interest/principal/TL/PI remain unpaid</p> <p>POA in favor of SIDBI for creation of residual charge in favor of SIDBI by way of mortgage on its office land &amp; building situated at Plot No. B-24/25, NICE Industrial Area, MIDC, Satpur, Nashik – 422007.</p> |
| 8            | Tata Capital Financial Services   | Equipment Loan             | 108.67                  | upto 2 years 6 months   | Ranging from 10.25% to 12.65% | <p><b>Primary</b> - Plant and Machinery purchased out of Term Loan</p> <p><b>Lien on Fixed Deposits</b> of Rs. 7.91 million</p>  |
| 9            | HSBC Direct Bank                  | Equipment Loan             | 3.65                    | 12 months               | 16.00%                        | Unsecured  |
| 10           | Axis Bank Ltd.                    | Auto Loan                  | 0.27                    | 8 months                | 8.90%                         | Primary: Vehicle Purchased out of Loan   |
| 11           | Kotak Mahindra Prime Limited      | Auto Loan                  | 5.77                    | upto 3 years 9 months   | 9.19%                         | Primary: Vehicle Purchased out of Loan   |
| 12           | ICICI Bank Limited                | Auto Loan                  | 4.21                    | 81 months               | 8.25%                         | Primary: Vehicle Purchased out of Loan   |
| 13           | Indusind Bank Limited             | Term Loan                  | 63.94                   | 4 years 3 months        | 9.60%                         | <p><b>Primary</b> - Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari passu basis with SBI and Axis Bank excluding receivables charged to SBI.</p> <p><b>Collateral:</b> 1) Movable Fixed Assets - First hypothecation charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.<br/> 2) Immovable Assets - First pari-passu charge on Industrial Land &amp; Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited &amp; SBI<br/> 3) FDR/Cash Deposit - First pari-passu charge on FD of Rs. 5.00 Cr. with Axis Bank &amp; SBI<br/> 4) Exclusive charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</p>  |
| 14           | Indusind Bank Limited             | Short Term Loan            | 50.00                   | On demand               | 9.60%                         | <p><b>Primary</b> - Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari passu basis with SBI and Axis Bank excluding receivables charged to SBI.</p> <p><b>Collateral:</b> 1) Movable Fixed Assets - First hypothecation charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.<br/> 2) Immovable Assets - First pari-passu charge on Industrial Land &amp; Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited &amp; SBI<br/> 3) FDR/Cash Deposit - First pari-passu charge on FD of Rs. 5.00 Cr. with Axis Bank &amp; SBI<br/> 4) Exclusive charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</p>  |
| 15           | Axis AP                           | Non-Convertible Debentures | 300.00                  | 13 months               | 12%                           | <p>1. First and exclusive charge over Identified Assets such that minimum 1.6 x cover over the outstanding NCD amount is maintained at all times. The company will provide copy of complete contract and schedule of expected cashflows. In case of delay in receipt of cashflows (three consecutive months) investor has right to ask for security of addition receivables with counter party rating above A. Provided, if an identified Liquidity Event has already occurred, this condition/ additional security shall not apply.</p> <p>2. Personal Guarantee from the Promoter</p> <p>3. First and exclusive charge through pledge of 45,75,000 equity shares constituting to 5% holding in ESDS (on fully diluted basis) by Promoter or Promoter Group (including P.D. Somani Family Trust ("Pledged Shares"), which shall be released one day prior to the RIFE. However, in case IPO does not materialise in 15 calendar days from the date of release of shares, the company must re-pledge shares in maximum 2 business days.</p> <p>4. First charge by way of hypothecation over all the proceeds to the extent of the outstanding amount of NCD's on such date received by the Issuer from the Identified Liquidity Events.</p> <p>5. First and exclusive charge over Escrow Account</p>   |
| <b>Total</b> |                                   |                            | <b>1,165.44</b>         |                         |                               |  |

**22 Income tax expense**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Current tax  |                         |                         |
| Pertaining to profit for the current year  | -                       | 4.02                    |
| MAT credit entitlement   | -                       | (4.02)                  |
| Deferred tax   | (57.21)                 | 10.59                   |
| <b>Income tax expense</b>  | <b>(57.21)</b>          | <b>10.59</b>            |
| <b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b> |                         |                         |
| Profit before income tax expenses  | (207.54)                | 31.64                   |
| Tax at the Indian tax rate of 27.82% (2021-22 - 27.82%)  | (57.74)                 | 8.80                    |
| <b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</b>  |                         |                         |
| Disallowance under sec 14a   | 13.57                   | -                       |
| Corporate social responsibility expenditure not allowed under taxation and donation            | 0.62                    | 1.06                    |
| Other comprehensive Income   | 0.07                    | (0.90)                  |
| Provision for bad debts written off  | (9.04)                  | -                       |
| Others   | (4.69)                  | 1.64                    |
| <b>Total</b>   | <b>0.52</b>             | <b>1.79</b>             |
| <b>Net current tax expenses recognised in statement of profit &amp; loss</b>                   | <b>(57.21)</b>          | <b>10.59</b>            |

**23 Deferred Tax (Net)**

**(a) Income tax expense**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Net Deferred tax (assets)/liabilities**</b>                      | <b>(8.88)</b>           | <b>48.57</b>            |
| <b>Deferred tax assets/liabilities arise from the following:</b>    |                         |                         |
| <b>Tax credits available:</b>                                       |                         |                         |
| <b>MAT credit receivable</b>  | <b>62.04</b>            | <b>62.04</b>            |
| <b>Deferred tax assets</b>  |                         |                         |
| Gratuity & compensated absences                                     | 24.74                   | 24.02                   |
| Provision for doubtful debts, doubtful deposits and capital advance | 46.15                   | 42.89                   |
| Disallowances under Sec 40(a) of the Income Tax Act 1961            | -                       | -                       |
| Lease liabilities   | 195.83                  | 226.26                  |
| Income tax business loss setoff                                     | 154.45                  | 91.02                   |
|   | <b>483.21</b>           | <b>446.22</b>           |
| <b>Deferred tax liability</b>                                       |                         |                         |
| PP&E depreciation and intangible amortization                       | 243.31                  | 258.20                  |
| Right of use of assets  | 231.02                  | 236.60                  |
| Others  | -                       | -                       |
|   | <b>474.33</b>           | <b>494.80</b>           |

\*\*Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

| Movement in deferred tax (assets)/ liabilities:                     | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Opening deferred tax (assets) / liabilities</b>                  | <b>48.57</b>            | <b>40.97</b>            |
| Mat credit entitlement  | -                       | (4.02)                  |
| Gratuity & compensated absences                                     | (0.72)                  | (2.69)                  |
| Provision for doubtful debts, doubtful deposits and capital advance | (3.27)                  | (10.05)                 |
| Disallowances under sec 40(a) of the Income Tax Act 1961            | -                       | 1.01                    |
| Lease liabilities   | 30.44                   | 61.39                   |
| Right of use of assets  | (5.58)                  | (35.89)                 |
| Income tax business loss setoff                                     | (63.43)                 | (34.40)                 |
| PP&E depreciation and intangible amortization                       | (14.89)                 | 39.45                   |
| Others  | -                       | (7.20)                  |
| <b>Closing deferred tax liability after set off</b>                 | <b>(8.87)</b>           | <b>48.57</b>            |

24 Revenue from operations

| Particulars  | Year ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Sale of services</b>                                  |                              |                              |
| Cloud hosting and managed services                       | 1,926.25                     | 1783.83                      |
| Technical support services                               | 87.47                        | 88.31                        |
| Licence and Support Services                             | -                            | 60.20                        |
| <b>Total revenue from operations (Refer Note no. 45)</b> | <b>2013.71</b>               | <b>1932.34</b>               |

Revenue disaggregation in terms of nature of goods and services has been included above.

A. Reconciliation of revenue recognised with contract price

| Particulars                              | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Contract price</b>                    |                              |                              |
| Adjustments for:                         |                              |                              |
| Unbilled revenue                         | 310.12                       | 339.05                       |
| Unearned revenue                         | (96.91)                      | (82.45)                      |
| <b>Revenue from continuing operation</b> | <b>2,013.71</b>              | <b>1,932.34</b>              |

25 Other income

| Particulars                                | Year ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| <b>Interest :</b>                          |                              |                              |
| Deposits with banks                        | 15.26                        | 12.12                        |
| Income tax refund                          | 5.03                         | 0.94                         |
| Others                                     | -                            | 14.92                        |
| Other non-operating income                 | 15.28                        | 15.56                        |
| Unwinding of discount on security deposits | 3.50                         | 3.09                         |
| Amount Written Back                        | 6.15                         | -                            |
| <b>Total other income</b>                  | <b>45.22</b>                 | <b>46.63</b>                 |

26 Employee benefit expense

| Particulars                               | Year ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus                 | 660.80                       | 608.95                       |
| Contribution to provident and other funds | 23.05                        | 23.23                        |
| Gratuity [refer note:33]                  | 13.95                        | 12.46                        |
| Compensated absences                      | 14.01                        | 14.70                        |
| Employee stock option scheme              | 5.44                         | 5.45                         |
| Other employee related costs              | 22.62                        | 15.62                        |
| <b>Total employee benefit expense</b>     | <b>739.86</b>                | <b>680.41</b>                |

27 Finance costs

| Particulars                | Year ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|----------------------------|------------------------------|------------------------------|
| <b>Interest expense:</b>   |                              |                              |
| Borrowings                 | 147.74                       | 94.62                        |
| Lease liabilities          | 68.31                        | 55.51                        |
| Others                     | -                            | 8.51                         |
| Bank charges               | 3.42                         | 2.94                         |
| Other borrowing costs      | 5.71                         | 7.70                         |
| <b>Total finance costs</b> | <b>225.18</b>                | <b>169.28</b>                |

28 Depreciation and amortization expense

| Particulars  | Year ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Depreciation of property, plant and equipment      | 268.07                       | 233.72                       |
| Amortisation of intangible assets                  | 31.63                        | 14.21                        |
| Amortisation of right-of-use asset                 | 123.79                       | 145.22                       |
| Impairment of assets                               | 38.21                        | 27.61                        |
| <b>Total depreciation and amortization expense</b> | <b>461.69</b>                | <b>420.76</b>                |

**29 Other expenses**

| Particulars  | Year ended     | Year Ended     |
|--|----------------|----------------|
|  | March 31, 2023 | March 31, 2022 |
| Project servicing cost   | 146.23         | 95.14          |
| Rental charges   | 3.32           | 3.79           |
| Office expenses  | 3.51           | 3.09           |
| Travel and conveyance  | 25.12          | 16.98          |
| Communication expenses   | 116.52         | 110.80         |
| Contract labour charges  | 60.61          | 51.29          |
| Corporate social responsibility expenditure [Refer note no:40] | 2.21           | 3.80           |
| Donations  | 0.25           | 0.20           |
| Rates and taxes  | 3.81           | 15.69          |
| Directors sitting fees   | 2.00           | 1.10           |
| Legal and professional charges                                 | 52.43          | 41.24          |
| Loss on sale of asset (net)                                    | 0.03           | 0.00           |
| Sales commission   | 17.46          | 24.31          |
| Insurance  | 10.27          | 9.27           |
| Advertisement and sales promotion                              | 13.93          | 19.65          |
| Power and fuel charges   | 91.68          | 69.96          |
| Repairs and maintenance:                                       |                |                |
| Computers  | 1.80           | 3.98           |
| Others   | 10.96          | 3.79           |
| Membership and subscription charges                            | 127.39         | 83.61          |
| Expected credit loss allowance [refer note no : 35]            | 43.65          | 70.22          |
| Foreign exchange fluctuation loss (net)                        | 1.53           | 2.47           |
| Payment to auditors [refer note below]                         | 2.10           | 3.95           |
| Balances written off   | -              | 1.26           |
| IPO Expenses Written Off *                                     | 48.77          |                |
| Miscellaneous expenses   | 6.38           | 6.27           |
| <b>Total other expenses</b>                                    | <b>791.96</b>  | <b>641.88</b>  |

\*The Company has incurred share issue expenses of INR 74.39 million for a proposed Initial Public Offer of the shares of the Company through Decemeber 03, 2022 [one year anniversary after the regulatory approval of the DRHP] ( March 31, 2022: 53.28) in connection with proposed public offer of equity shares. In relation to the expenses incurred for the proposed Initial Public Offer, the selling shareholders had agreed that the expenses incurred by the Company till date (including any tax reimbursements) will be reimbursed to the extent of INR 25.62 million. The proposed public offer of equity shares is not completed and the company share of expenses have been written off to the profit and loss account and the amount to be borne by the selling shareholders has been reflected in Other receivables.

**Payment to auditors**

| Particulars                      | Year ended     | Year Ended     |
|----------------------------------|----------------|----------------|
|                                  | March 31, 2023 | March 31, 2022 |
| <b>As auditor</b>                |                |                |
| Statutory audit                  | 1.80           | 3.00           |
| Tax audit fee                    | 0.15           | 0.60           |
| Transfer pricing audit fees      | 0.15           | 0.35           |
| <b>In other capacity</b>         |                |                |
| Fees for other services          | -              | -              |
| <b>Total payment to auditors</b> | <b>2.10</b>    | <b>3.95</b>    |

30 Earnings per share

(a) Earnings per share

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| <b>(i) Basic earnings per share</b>                       |                |                |
| Profit attributable to equity shareholders of the Company | (150.32)       | 21.05          |
| Weighted average number of equity shares                  | 9,27,38,384    | 6,49,42,591    |
| <b>Basic earnings per share</b>                           | <b>(1.62)</b>  | <b>0.32</b>    |
| <b>(ii) Diluted earnings per share</b>                    |                |                |
| Profit attributable to equity shareholders of the Company | (150.32)       | 21.05          |
| Weighted average number of equity shares                  | 9,27,38,384    | 6,61,84,705    |
| <b>Diluted earnings per share</b>                         | <b>(1.62)</b>  | <b>0.32</b>    |

(b) Profit reconciliation

| Particulars   | March 31, 2023  | March 31, 2022 |
|---|-----------------|----------------|
| <b>(i) Basic earnings per share</b>   |                 |                |
| Profit attributable to equity shareholders of the Company used in calculating basic earnings per share          | (150.32)        | 21.05          |
| <b>(ii) Diluted earnings per share</b>  |                 |                |
| Profit attributable to equity shareholders of the Company used in calculating basic earnings per share:         | (150.32)        | 21.05          |
| <b>Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share</b> | <b>(150.32)</b> | <b>21.05</b>   |

(c) Weighted average number of shares used as denominator

| Particulars  | March 31, 2023     | March 31, 2022     |
|--|--------------------|--------------------|
| <b>Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>                        | <b>9,27,38,384</b> | <b>6,49,42,591</b> |
| Adjustments for calculation of diluted earnings per share :*   |                    |                    |
| No of ESOPS  |                    | 17,63,000          |
| Weighted average no of shares that would have issued at average market price   |                    | (5,20,886)         |
| Class B1 Compulsory convertible preference shares  | -                  | -                  |
| 16% Debentures   | -                  | -                  |
| Class C Compulsory convertible preference shares   | -                  | -                  |
| <b>Weighted average number of equity shares and potential shares used as the denominator in calculating diluted earnings per share</b> | <b>9,27,38,384</b> | <b>6,61,84,705</b> |

\*In FY 2022-23 the profit attributable to equity shareholders of the company is negative hence diluted EPS will be same as basic EPS

**31 Contingencies and commitments**

**i) Capital commitments**

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account (net of advances) | 29.59          | 36.76          |

**ii) Contingent liabilities (to the extent not provided for)**

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| <b>Claims against the company not acknowledged as debts</b>     |                |                |
| Indirect tax matters [Refer ii (a)]                             | 10.84          | 7.51           |
| Other matters [Refer iii (a), (b)]                              | 2.62           |                |
| <b>Guarantees excluding financial guarantees</b>                |                |                |
| Performance Bank guarantees given to customers                  | 396.30         | 296.24         |
| <b>Other money for which the company is contingently liable</b> |                |                |
| Income tax matters [Refer i (a),(b)]                            | 96.34          | -              |
| Indirect tax matters [Refer ii (b),(c) ,(d),(e) ]               | 130.00         | 43.00          |
| <b>Total</b>  | <b>636.10</b>  | <b>346.76</b>  |

**i) Direct Tax Related Matters**

- a) In May 2023, The company has received demand notices u/s 156 of Income Tax Act, 1961 for reassessment proceedings for Assessment Year (AY) 2016-17 and AY 2017-18. According to the demand notices, an amount of Rs.18.93 million is payable for AY 2016-17, and an amount of Rs.77.41 million is payable for AY 2017-18.  
 In response to these demands, the company is filing an appeal before the Commissioner of Income-tax Appeal (CIT(A)) for both the years. However, as per the regulations, before filing the appeal, the company is required to pay 20% of the demand amount. The company has filed a stay application to suspend the demand, but it is possible that the Department may request the company to pay 20% of the demand.  
 The outcome of the appeals and any subsequent proceedings will determine the final liability of the company in this matter. As a result, the company recognizes these amounts as contingent liabilities, pending the resolution of the appeals and any further actions by the tax authorities.
- b) The company has received show cause notice for late payment/ short payment of TDS for Assessment Year (AY) 2017-18 to AY 2019-20. Also, being principal officer of the company at the time of default, prosecution proceedings u/s 276B of Income Tax Act, 1961 initiated against the directors of the company. The Company have filed for compounding application, Since the final demand order is pending, the specific liability related to this contingent matter has not been recognized or disclosed in the financial statements at this time. The company will continue to monitor the progress of the compounding application and will make appropriate disclosures and provisions once the final demand order is received.

**ii) Indirect Tax Related Matters**

- a) Company have received demand notice under section 32 of MVAT Act,2002 for FY 2016-17 and FY 2017-18 amounting to Rs.7.00 millions and Rs. 3.84 millions respectively, for which company has filed an appeal against the same and management believes that such claim is not tenable.
- b) In September 2022,company has received a intimation of liability under section 73(5) in Form GST DRC-01A of Rs. 72.56 millions for FY 2017-18 pursuant to investigation carried by JCST(Nashik Division) on 19.01.2020.The company is assessing the facts of the case and its probable outflow if any.
- c) In May 2023,company has received a intimation of liability under section 73(5) in Form GST DRC-01A of Rs. 50.50 millions for FY 2019-20 pursuant to investigation carried by JCST(Nashik Division) on 19.01.2020.The company is assessing the facts of the case and its probable outflow if any.
- d) In May 2023,company has received a intimation of liability under section 73(5) in Form GST DRC-01A of Rs. 4.40 millions for FY 2020-201 pursuant to investigation carried by JCST(Nashik Division) on 19.01.2020.The company is assessing the facts of the case and its probable outflow if any.
- e) The Company has received ASMT 10 notice from department of GST- Maharashtra u/s 61 for the FY 2017-18, regarding Disallowance of ITC claimed amounting to INR 2.54 million. The company is assessing the facts of the case and its probable outflow if any.

**iii) Other Matters**

- a) In 2019, arbitration proceedings against the suit initiated by Trign Technologies Limited for a claim of Rs. 9442.8 million have commenced and pending as on date. The management, on the basis of legal opinion obtained by them is confident that the claim is frivolous and hence has not been provided for in the financial statements.  
 The company does not foresee any probable outflow in the matter and accordingly has not specifically disclosed the quantum under contingent liability.
- b) In Feb 2022, Company has received a legal notice from Sara Infoway ITES India for non-payment of outstanding dues of Rs. 1,53,86,020/-(including interest @ 18% p.a. of Rs 23,47,020/-). Additionally, an amount of Rs. 3,00,000/- is being sought as advocate fee for serving the legal notice.  
 As per books of accounts of the Company, outstanding dues of Rs. 1,30,64,542/- are being reflected. As of now, the company is carefully reviewing the vendor's claims and assessing its legal obligations in this matter. The company is actively exploring options for resolving the dispute, which may include negotiations, seeking legal advice, or pursuing a settlement to mitigate any financial impact.

32 Related party transactions

| Related Party   | Relation   |
|---|--|
| <b><u>Para 9(a)(ii): Individuals having Significant influence over Reporting Entity(RE)</u></b> |  |
| Piyush Somani   | Chairman and Managing Director   |
| <b>Relatives of such individuals:</b>   |  |
| Pooja Somani  | Sister of Chairman and Managing Director   |
| Prajakta Somani Jadhav  | Sister of Chairman and Managing Director   |
| <b><u>Para 9(a)(iii): Individuals who are KMP of RE or KMP of Parent of RE</u></b>              |  |
| Piyush Somani   | Chairman and Managing Director   |
| Sarla Somani  | Director (till July 28,2021)   |
| Komal Somani  | Whole Time Director (w.e.f July 28, 2021)  |
| Alipt Sharma (on behalf of GECC)  | Nominee Director (from June 4, 2018)   |
| Sandeep Mehta   | Chief Financial Officer (From April 6,2020; till 19th May 2022 )                   |
| Nadukuru Sita Ramiah  | Chief Financial Officer (From 31st October 2022)                                   |
| Aniket Khandelwal   | Compliance Officer and Company Secretary (From August 6, 2021 till 15th June 2022) |
| T.G. Dhandapani   | Independent Director (from July 27,2021)   |
| A. V. Ramesh Kumar  | Independent Director (from July 27,2021 ; till 18th January 2023 )                 |
| Pamela Kumar  | Independent Director (from July 27,2021)   |
| Uma Mandavgane  | Independent Director (from July 27,2021 ; till 20th May 2022 )                     |
| Prasad Deokar   | Compliance Officer and Company Secretary (From 13th July 2022)                     |
| <b><u>Para 9(b)(i): Entities that are parent, subsidiary, fellow subsidiary of RE</u></b>       |  |
| ESDS Internet Services Private Limited  | Subsidiary Company (50% holding of ESDS Software Solution Ltd)                     |
| ESDS Global Software Solution Inc.  | Wholly owned Subsidiary Company  |
| ESDS Cloud FZ LLC   | Wholly owned Subsidiary Company  |
| Spochub Solutions Private limited   | Wholly owned Subsidiary Company  |
| <b><u>Para 9(b)(vi):Individual RP as per Para 9a has control/JC over another entity</u></b>     |  |
| Great Ideas in Action LLP   | Komal Somani: Designated partner   |
| Resvera Wines Private Limited   | Komal Somani: Director   |

### 32 Related party transactions

#### I Nature of transactions and amounts

| Nature of transactions       | KMP          |              | Relatives of KMP |               | Subsidiary    |              | Individuals having control over another entity |             |
|------------------------------|--------------|--------------|------------------|---------------|---------------|--------------|--|-------------|
|                              | 2022-23      | 2021-22      | 2022-23          | 2021-22       | 2022-23       | 2021-22      | 2022-23  | 2021-22     |
| Salaries and allowances      | 4.48         | 11.74        | 2.11             | 1.84          | -             | -            | -  | -           |
| Director remuneration        | 10.70        | 10.70        | -                | -             | -             | -            | -  | -           |
| Loan given/(recovered)-net   | -            | (2.16)       | (0.08)           | (8.41)        | 0.44          | (130.58)     | -  | -           |
| Loan taken/(repaid)-net      | -            | -            | -                | -             | -             | -            | -  | -           |
| Operating and other expenses | 0.02         | -            | -                | -             | 111.79        | 122.81       | -  | 0.34        |
| Sales of services            | -            | -            | -                | -             | -             | 60.20        | 0.00   | 0.07        |
| Director sitting fees        | 2.00         | 1.10         | -                | -             | -             | -            | -  | -           |
| Interest income              | -            | -            | -                | -             | -             | 14.61        | -  | -           |
| Rental Income                | -            | -            | -                | -             | 0.14          | 0.14         | -  | -           |
| <b>Total</b>                 | <b>17.20</b> | <b>21.37</b> | <b>2.03</b>      | <b>(6.57)</b> | <b>112.37</b> | <b>67.18</b> | <b>-</b>                                       | <b>0.41</b> |

#### II Outstanding receivable/(payable) balances

| Nature of transactions  | KMP     |         | Relatives of KMP |         | Subsidiary |         | Individuals having control over another entity |         |
|---|---------|---------|------------------|---------|------------|---------|--|---------|
|   | 2022-23 | 2021-22 | 2022-23          | 2021-22 | 2022-23    | 2021-22 | 2022-23  | 2021-22 |
| Payables towards salary / managerial remuneration/director sitting fees | -       | 2.33    | -                | 0.20    | -          | -       | -  | -       |
| Loans payable   | -       | -       | -                | -       | -          | -       | -  | -       |
| Loans and advances  | -       | -       | -                | 0.09    | 34.64      | 34.19   | -  | -       |
| Trade payables  | -       | -       | -                | -       | -          | 24.84   | 0.00   | 0.64    |
| Accounts due from   | -       | -       | -                | -       | 1.64       | -       | -  | -       |
| Security deposits   | -       | -       | -                | -       | 15.09      | 14.00   | -  | -       |

#### III Amount written off

| Particulars | 2022-23 | 2021-22 |
|-------------|---------|---------|
| KMP         | -       | -       |

#### IV Compensation to KMP

| Particulars                  | 2022-23 | 2021-22 |
|------------------------------|---------|---------|
| Short term employee benefits | 15.18   | 22.44   |
| Long term employee benefits  | -       | -       |
| Retirement benefits*         | -       | -       |
| Termination benefits         | -       | -       |
| Share based payments         | -       | -       |

\*Represents contribution to provident and superannuation funds. As Gratuity expense is based on actuarial valuations, the same cannot be computed for individual employees and hence not included.

#### V Terms and conditions for outstanding balances

All outstanding balances are unsecured and payable in cash.

33 Employee benefit obligations

A. Defined contribution plans :

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is defined contribution plan. The Company has no obligation other than to make the specified contribution. The contribution is charged to Statement of Profit and Loss as it accrues. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to Rs.22.34 (2022: 22.12) and other funds to Rs.0.71 (2022: 1.11).

Contribution to Defined Contribution Plans recognised as expense for the year are as under:

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Employers contribution to provident and other funds | 23.05          | 23.23          |
| <b>Total</b>  | <b>23.05</b>   | <b>23.23</b>   |

B Defined benefit plan

The Company provides for gratuity to employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

| Movements in the present value of the defined obligation are as follows: | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| <b>Obligation at the beginning of the year</b>                           | <b>46.04</b>   | <b>39.45</b>   |
| Transfer In / (Out)  |                |                |
| Past Service Cost  |                |                |
| Current service cost   | 10.59          | 10.09          |
| Interest expense   | 3.36           | 2.68           |
| Curtailment Cost/(Credit)  |                |                |
| Settlement Cost/(Credit)   |                |                |
| Actuarial losses (gains) arising from change in financial assumptions    | (4.02)         |                |
| Benefits paid  | (7.05)         | (2.63)         |
| Actuarial losses (gains) arising from experience adjustments             | 4.27           | (3.56)         |
| <b>Liability at the end of the year</b>                                  | <b>53.19</b>   | <b>46.04</b>   |

  

| Change in fair value of plan assets                           | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| <b>Fair value of plan assets at the beginning of the year</b> | <b>0.19</b>    | <b>0.47</b>    |
| Interest income   |                | 0.03           |
| Transfer In / (Out)   |                |                |
| Benefits paid   | (0.19)         |                |
| Expected Return on plan assets                                |                |                |
| Contributions   |                |                |
| Mortality Charges and Taxes                                   |                |                |
| Actuarial Gain / (Loss) on Plan Assets                        |                | (0.32)         |
| <b>Fair value of plan assets at the end of the year</b>       | <b>-</b>       | <b>0.19</b>    |

  

| The net liability disclosed above relates to funded and unfunded plans are as follows: | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Present value of funded obligations  | 53.19          | 45.44          |
| Fair value of plan assets  | -              | 0.19           |
| <b>Deficit of funded plans</b>   | <b>53.19</b>   | <b>45.25</b>   |
| Unfunded plans   | -              | -              |
| <b>Deficit of Gratuity Plan</b>  | <b>53.19</b>   | <b>45.25</b>   |

  

| Particulars                                      | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Service cost                                     | 10.59          | 10.09          |
| Net interest (income)/expense                    | 3.36           | 2.65           |
| Past Service Cost                                | -              | -              |
| Expected return on plan assets                   | -              | -              |
| Settlement cost/(credit)                         | -              | -              |
| Transfer In/(Out)                                | -              | -              |
| Net actuarial (Gain)/loss recognised in the year | 0.26           | (3.24)         |
| <b>Net gratuity cost</b>                         | <b>14.20</b>   | <b>9.50</b>    |

  

| Remeasurement  | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Remeasurement for the year - obligation (Gain)/Loss  | 0.26           | (3.56)         |
| Return on plan assets excluding amount included in net interest on net defined liability/(asset) above (Return) / loss on plan assets excluding amounts recognised in interest (income)/expenses | -              | (0.32)         |
| (Gain)/loss from change in demographic assumptions   | -              | -              |
| <b>Total Remeasurement Cost/(Credit) for the year recognised in OCI</b>  | <b>0.26</b>    | <b>(3.88)</b>  |

(f) Significant estimates: actuarial assumptions and sensitivity

| The significant actuarial assumptions were as follows:           | March 31,2023                                 | March 31,2022                                 |
|--|---|---|
| Mortality rate   | Indian Assured Lives Mortality (2012-14) Ult. | Indian Assured Lives Mortality (2012-14) Ult. |
| Discount rate  | 7.30%   | 6.80%   |
| Rate of growth in compensation level                             | 7.00%   | 7.00%   |
| Expected average remaining working lives of employees (in years) | 60 years                                      | 58 years                                      |
| Attrition rate   | 5% to 1%                                      | 5% to 1%                                      |

\* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

**Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Change in Assumption                           | Defined benefit obligation |               |
|--|----------------------------|---------------|
|  | March 31,2023              | March 31,2022 |
| (i) 1% increase in discount rate               | 46.24                      | 40.21         |
| (ii) 1% decrease in discount rate              | 61.64                      | 53.07         |
| (iii) 1% increase in rate of salary escalation | 61.58                      | 52.98         |
| (iv) 1% decrease in rate of salary escalation  | 46.16                      | 40.17         |
| (v) 1% increase in rate of withdrawal          | 53.29                      | 40.35         |
| (vi) 1% decrease in rate of withdrawal         | 53.09                      | 40.35         |

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**The following payments are expected contributions to the defined benefits plan in future year:**

| Particulars  | March 31,2023 | March 31,2022 |
|--------------|---------------|---------------|
| Year 1       | 1.59          | 1.45          |
| Year 2       | 2.00          | 1.50          |
| Year 3       | 1.79          | 1.44          |
| Year 4       | 1.73          | 1.39          |
| Year 5       | 1.67          | 1.35          |
| Year 6 to 10 | 4.85          | 5.21          |

**Liability Risks**

**Asset-Liability Mismatch Risk-**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

**Discount Rate Risk-**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

**Future Salary Escalation and Inflation Risk -**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

**Asset Risks**

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

(g) The major categories of plans assets are as follows:

| Particulars                       | March 31,2023 | March 31,2022 |
|-----------------------------------|---------------|---------------|
| Fund managed by insurance company | 0%            | 100%          |

### 34 Fair value measurements

#### Financial instruments by category

| Particulars   | March 31, 2023 |                 | March 31, 2022 |                 |
|---|----------------|-----------------|----------------|-----------------|
|   | FVOCI          | Amortised cost  | FVOCI          | Amortised cost  |
| <b>Financial assets</b>   |                |                 |                |                 |
| Non-current financial assets  |                |                 |                |                 |
| Investments in subsidiaries   | 0.56           | -               | 0.56           | -               |
| Term deposits with maturity more than 12 months from reporting date   | -              | 82.57           | -              | 151.35          |
| Security deposits   | -              | 57.58           | -              | 50.60           |
| Current financial assets  |                |                 |                |                 |
| Trade receivables   | -              | 565.17          | -              | 634.30          |
| Cash and cash equivalents   | -              | 157.72          | -              | 340.32          |
| Other bank balances   | -              | 409.05          | -              | 146.39          |
| Unbilled revenue  | -              | -               | -              | -               |
| Other current financial assets  |                |                 |                |                 |
| Security deposits   | -              | 23.44           | -              | 33.79           |
| Loan to subsidiaries  | -              | 34.64           | -              | 34.19           |
| <b>Total financial assets</b>   | <b>0.56</b>    | <b>1,330.15</b> | <b>0.56</b>    | <b>1,390.93</b> |
| <b>Financial liabilities</b>  |                |                 |                |                 |
| Non-current financial liabilities   |                |                 |                |                 |
| Non-current borrowings  | -              | 929.80          | -              | 656.13          |
| Lease liabilities   | -              | 558.70          | -              | 608.31          |
| Other non-current financial liabilities   |                |                 |                |                 |
| Capital creditors   | -              | -               | -              | -               |
| Current financial liabilities   |                |                 |                |                 |
| Current borrowings  | -              | 430.33          | -              | 449.30          |
| Lease liabilities   | -              | 145.20          | -              | 205.00          |
| Trade payables  | -              | 265.93          | -              | 268.26          |
| Unearned revenue  | -              | 96.91           | -              | 82.45           |
| Other current financial liabilities   |                |                 |                |                 |
| Current maturities of long term borrowings  | -              | 225.53          | -              | 271.30          |
| Capital creditors   | -              | 28.46           | -              | 143.66          |
| Application money received for allotment of securities to the extent refundable and interest accrued thereon <sup>a</sup> | -              | -               | -              | 300.00          |
| <b>Total financial liabilities</b>  | <b>-</b>       | <b>2,680.87</b> | <b>-</b>       | <b>2,984.42</b> |

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts, largely due to the short term nature of these balances.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The management assessed that the carrying amounts of its financial instruments are reasonable approximations of fair values.

#### i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

ESDS Software Solution Limited  
Notes Forming Part of Separate Financial Statements for the year ended March 31, 2023  
(All amounts are in Rupees Millions, unless otherwise stated)

As at 31st March 2023

| Financial assets and liabilities measured at amortised cost   | Level 1 | Level 2 | Level 3         | Total           |
|---|---------|---------|-----------------|-----------------|
| <b>Financial assets</b>   |         |         |                 |                 |
| Investments in subsidiaries   |         |         |                 |                 |
| Term deposits with maturity more than 12 months from reporting date   | -       | -       | 82.57           | <b>82.57</b>    |
| Security deposits   | -       | -       | 57.58           | <b>57.58</b>    |
| Current financial assets  |         |         |                 |                 |
| Trade receivables   | -       | -       | 565.17          | <b>565.17</b>   |
| Cash and cash equivalents   | -       | -       | 157.72          | <b>157.72</b>   |
| Other bank balances   | -       | -       | 409.05          | <b>409.05</b>   |
| Unbilled revenue  | -       | -       | -               | -               |
| Other current financial assets  |         |         |                 |                 |
| Security deposits   | -       | -       | 23.44           | <b>23.44</b>    |
| Loan to subsidiaries  | -       | -       | 34.64           | <b>34.64</b>    |
| <b>Total financial assets</b>   | -       | -       | <b>1,330.15</b> | <b>1,330.15</b> |
| <b>Financial liabilities</b>  |         |         |                 |                 |
| Non-current financial liabilities   |         |         |                 |                 |
| Non-current borrowings  | -       | -       | 929.80          | <b>929.80</b>   |
| Lease liabilities   | -       | -       | 558.70          | <b>558.70</b>   |
| Other non-current financial liabilities   |         |         |                 |                 |
| Capital creditors   | -       | -       | -               | -               |
| Debt component of compound financial instruments  | -       | -       | -               | -               |
| Current financial liabilities   |         |         |                 |                 |
| Current borrowings  | -       | -       | 430.33          | <b>430.33</b>   |
| Lease liabilities   | -       | -       | 145.20          | <b>145.20</b>   |
| Trade payables  | -       | -       | 265.93          | <b>265.93</b>   |
| Unearned revenue  | -       | -       | 96.91           | <b>96.91</b>    |
| Other current financial liabilities   |         |         |                 |                 |
| Current maturities of long term borrowings  | -       | -       | 225.53          | <b>225.53</b>   |
| Capital creditors   | -       | -       | 28.46           | <b>28.46</b>    |
| Application money received for allotment of securities to the extent refundable and interest accrued thereon^ | -       | -       | -               | -               |
| <b>Total financial liabilities</b>  |         |         | <b>2,680.87</b> | <b>2,680.87</b> |

As at 31 March, 2022

| Financial assets and liabilities measured at amortised cost   | Level 1 | Level 2 | Level 3         | Total           |
|---|---------|---------|-----------------|-----------------|
| <b>Financial assets</b>   |         |         |                 |                 |
| Investments in subsidiaries   |         |         |                 |                 |
| Term deposits with maturity more than 12 months from reporting date   | -       | -       | 151.35          | 151.35          |
| Security deposits   | -       | -       | 50.60           | 50.60           |
| Current financial assets  |         |         |                 |                 |
| Trade receivables   | -       | -       | 634.30          | 634.30          |
| Cash and cash equivalents   | -       | -       | 340.32          | 340.32          |
| Other bank balances   | -       | -       | 146.39          | 146.39          |
| Unbilled revenue  | -       | -       | -               | -               |
| Other current financial assets  |         |         |                 |                 |
| Security deposits   | -       | -       | 33.79           | 33.79           |
| Loan to subsidiaries  | -       | -       | 34.19           | 34.19           |
| <b>Total financial assets</b>   |         |         | <b>1,390.93</b> | <b>1,390.93</b> |
| <b>Financial liabilities</b>  |         |         |                 |                 |
| Non-current financial liabilities   |         |         |                 |                 |
| Non-current borrowings  | -       | -       | 656.13          | 656.13          |
| Lease liabilities   | -       | -       | 608.31          | 608.31          |
| Other non-current financial liabilities   |         |         |                 |                 |
| Capital creditors   | -       | -       | -               | -               |
| Debt component of compound financial instruments  | -       | -       | -               | -               |
| Current financial liabilities   |         |         |                 |                 |
| Current borrowings  | -       | -       | 449.30          | 449.30          |
| Lease liabilities   | -       | -       | 205.00          | 205.00          |
| Trade payables  | -       | -       | 268.26          | 268.26          |
| Unearned revenue  | -       | -       | 82.45           | 82.45           |
| Other current financial liabilities   |         |         |                 |                 |
| Current maturities of long term borrowings  | -       | -       | 271.30          | 271.30          |
| Capital creditors   | -       | -       | 143.66          | 143.66          |
| Application money received for allotment of securities to the extent refundable and interest accrued thereon^ | -       | -       | 300.00          | 300.00          |
| <b>Total financial liabilities</b>  |         |         | <b>2,984.42</b> | <b>2,984.42</b> |

**ESDS Software Solution Limited**

**Notes Forming Part of Separate Financial Statements for the year ended March 31, 2023**

*(All amounts are in Rupees Millions, unless otherwise stated)*

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. However the Company does not have any financial instruments that are measured using Level 1 inputs.

Level 2: The fair value of derivatives is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

This is the case for unlisted preference shares included in Level 3.

**ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

All of the resulting fair value estimates are included in Level 2 except for unlisted preference shares where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

**iii) Fair value of financial assets and liabilities measured at amortised cost**

The fair value of all financial instruments carried at amortised cost are not materially different from their carrying amounts, since they are either short-term in nature or the interest rate applicable are equal to the current market rate of interest.

### 35 Financial risk management

The Company's principal financial liabilities comprises of borrowings, lease liabilities, trade and other payables (including capital creditors). The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans given, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company is exposed to the following risks from the use of financial instruments:

- (a) credit risk,
- (b) liquidity risk, and
- (c) market risk.
- (i) foreign currency exchange risk, and
- (ii) interest rate risk.

The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

#### (a) Credit Risk

The Company is exposed to credit risk as a result of counterparties defaulting their obligations. The Company's exposure to credit risk primarily relates to trade receivables. The Company monitors and limits its exposure to credit risks on a reasonable basis. The Company's credit risk is associated with Trade Receivables is primarily related to customers not able to settle their obligations as agreed upon. To manage this, the Company Yearically reviews the financial reliability of its customers, taken into account their financial conditions, current economic trends, analysis of historical bad debts and ageing of trade receivables. Financial instruments that are subject to such risks, principally consist of trade receivables, contract assets such as unbilled revenue, loans to subsidiaries, security deposits and cash and bank balances. None of the financial instruments of the Company results in material concentration of credit risk.

#### • Trade receivables/contract assets

Customer credit risk is managed by the Company subject to the established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The Company applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, "Financial Instruments" which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

To measure the expected credit loss, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The historical rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

#### Reconciliation of loss allowance and credit impairment provisions

| Particulars                                | Amount        |
|--|---------------|
| <b>Loss allowance as at March 31, 2021</b> | <b>133.67</b> |
| Add/(less): Changes in Loss Allowance      |               |
| Bad debts written off during the year      | (49.73)       |
| :Provision for the year                    | 70.22         |
| <b>Loss allowance on March 31, 2022</b>    | <b>154.16</b> |
| Add/(less): Changes in Loss Allowance      |               |
| Bad debts written off during the Year      | (32.49)       |
| :Provision for the Year                    | 43.65         |
| <b>Loss allowance on March 31, 2023</b>    | <b>165.32</b> |

#### (b) Liquidity Risk

The Company is exposed to liquidity risk related to its ability to fund its obligations as and when they become due. The Company monitors and manages the liquidity risk to ensure access to sufficient fund to meet operational and financial requirements. The Company has access to credit facilities and monitors cash and bank balances on a regular basis. In relation to the Company's liquidity risk, the Company's policy is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

| March 31, 2023                    | Current       | 1 year to 3 years | More than 3 years | Total           |
|-----------------------------------|---------------|-------------------|-------------------|-----------------|
| Non-current financial liabilities |               |                   |                   |                 |
| Non-current borrowings            | -             | 160.50            | 769.30            | 929.80          |
| Lease liabilities                 | -             | 191.26            | 367.44            | 558.70          |
| Current financial liabilities     |               |                   |                   |                 |
| Current borrowings                | 430.33        | -                 | -                 | 430.33          |
| Lease liabilities                 | 145.20        | -                 | -                 | 145.20          |
| Trade payables                    | 265.93        | -                 | -                 | 265.93          |
| Unearned revenue                  | 96.91         | -                 | -                 | 96.91           |
| Capital creditors                 | 28.46         | -                 | -                 | 28.46           |
| <b>Total</b>                      | <b>966.84</b> | <b>351.76</b>     | <b>1,136.75</b>   | <b>2,455.34</b> |

| March 31, 2022                    | Current         | 1 year to 3 years | More than 3 years | Total           |
|-----------------------------------|-----------------|-------------------|-------------------|-----------------|
| Non-current financial liabilities |                 |                   |                   |                 |
| Non-current borrowings            | -               | 646.48            | 9.65              | 656.13          |
| Lease liabilities                 | -               | 220.35            | 387.96            | 608.31          |
| Current financial liabilities     |                 |                   |                   |                 |
| Current borrowings                | 449.30          | -                 | -                 | 449.30          |
| Lease liabilities                 | 205.00          | -                 | -                 | 205.00          |
| Trade payables                    | 249.47          | -                 | -                 | 249.47          |
| Unearned revenue                  | 82.45           | -                 | -                 | 82.45           |
| Capital creditors                 | 143.66          | -                 | -                 | 143.66          |
| <b>Total</b>                      | <b>1,129.88</b> | <b>866.84</b>     | <b>397.61</b>     | <b>2,311.87</b> |

**(c) Market risk**

Market risk is the risk of any loss in the future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change due to change in interest rates, foreign currency exchange rates, liquidity, and other market changes. Future specific market movements cannot be market predicted with reasonable accuracy.

**(i) Foreign currency exchange rate risk**

The Company deals with receivables from customers and payables to vendors. It is therefore exposed to foreign exchange risk associated with exchange rate movements. The foreign exchange rate fluctuations do not have any material impact on the profitability of the Company as such exports and foreign currency expenditure is negligible in totality.

There are no forward exchange contracts which have been entered into by the Company as on the reporting dates.

**Details of foreign currency exposures that are not hedged by a derivatives instrument or otherwise:**

| Particulars                 | March 31, 2023 | March 31, 2022 |
|-----------------------------|----------------|----------------|
| <b>Receivables (asset)</b>  |                |                |
| USD                         | 0.01           | 0.02           |
| GBP                         | 0.07           | 0.07           |
| EUR                         | -              | 0.00           |
| <b>Payables (liability)</b> |                |                |
| USD                         | 0.01           | 0.59           |
| AED                         | -              | -              |
| GBP                         | 0.00           | 0.00           |
| <b>Loan (given)</b>         |                |                |
| USD                         | 0.04           | 0.04           |
| AED                         | -              | -              |
| GBP                         | -              | -              |

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's debt obligations with floating interest rates.

Interest rate exposure : The exposure of the Company's borrowings to interest rate changes at the end of the reporting Year are as follows:

| Particulars                          | For the Year ended March 31, 2023 | For the year ended March 31, 2022 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Interest on variable rate borrowings | 147.74                            | 94.62                             |

**Sensitivity analysis**

**Profit or loss to higher/lower interest rate expense from borrowings as a result of changes in interest rates**

| Particulars         | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---------------------|---------------------------|---------------------------|
| If interest rates - |                           |                           |
| Increase by 1%      | 2.95                      | 0.95                      |
| Decrease by 1%      | (2.95)                    | (0.95)                    |

**36 Share based payments**

**(a) Description of share based payment arrangements**

On 9 August 2021, the Board of Directors approved the ESDS Employees Stock Ownership Plan 2021. These options are granted to eligible employees of The Company determined by the nomination and remuneration committee and are convertible into equivalent number of equity shares of Rs. 1 each as per the terms of the plan. Upon vesting, the employees can acquire one common equity share of The Company for every option. Options will be available for vesting upon successful completion of service during the vesting period. The options were granted on 30 August 2021.

**Vesting conditions**

Options can be exercised within 4 years from the vesting date. The vesting pattern is set out below

| Vesting        | Vesting of grant |
|----------------|------------------|
| 30 August 2022 | 50%              |
| 30 August 2023 | 20%              |
| 30 August 2024 | 20%              |
| 30 August 2025 | 10%              |

**(b) Measurement of fair values**

| Vesting        | Exercise price | Expected volatility | Risk free rate | Expected life | Weighted average fair value as on grant date | Method of valuation   |
|----------------|----------------|---------------------|----------------|---------------|--|-----------------------|
| 30 August 2022 | 65             | 20.33%              | 5.65%          | 3 to 6 years  | 10.60  | Black – Scholes Model |
| 30 August 2023 | 65             | 20.33%              | 5.65%          | 3 to 6 years  | 13.38  | Black – Scholes Model |
| 30 August 2024 | 65             | 20.33%              | 5.65%          | 3 to 6 years  | 15.96  | Black – Scholes Model |
| 30 August 2025 | 65             | 20.33%              | 5.65%          | 3 to 6 years  | 18.35  | Black – Scholes Model |

**(c) Effect of employee stock ownership plan on the Statement of Profit and Loss**

| Particulars                           | For the year ended 31st March 2023 |
|---------------------------------------|------------------------------------|
| Employee stock ownership plan expense | 5.44                               |

There were 3,88,000 ESOP cancellations and no modifications to the options in the period ended 31st March 2023

The carrying amount of the liability relating to the Employee Stock Ownership Plan at 31st March 2023 was Rs.10.89 million.

**(d) Reconciliation of outstanding share options**

The number share options under the share option scheme are as follows

| Particulars   | For the Year period ended 31st March 2023 |
|---|---|
| Options outstanding as at the beginning of the Year | 17,63,000                                 |
| Add: Options granted during the Year                |   |
| Less: Options forfeited and expired during the Year | 3,88,000                                  |
| Less: Options exercised during the Year             | -   |
| <b>Options outstanding as at the Year end</b>       | <b>13,75,000</b>                          |

Exercisable at the end of the year 6,87,500

**37 Capital Management**

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating in order to support its business activities and maximize brand value.

The Company manages its capital and makes adjustments to it in light of the changes in economic and market conditions.

The Company monitors capital gearing ratio, which is net debt divided by total capital. Net debt comprises of long term and short term borrowings less cash and bank balances, equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting Year was as follows.

| Particulars                     | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------|----------------------|----------------------|
| Debt*                           | 1,360.13             | 1,105.43             |
| Cash and bank balances          | (157.72)             | (340.32)             |
| <b>Net debt</b>                 | <b>1,202.42</b>      | <b>765.11</b>        |
| <b>Shareholders' funds</b>      |                      |                      |
| Equity share capital            | 92.89                | 91.57                |
| Reserves and surplus            | 2,184.33             | 2,044.09             |
| <b>Total equity</b>             | <b>2,277.22</b>      | <b>2,135.66</b>      |
| <b>Net debt to equity ratio</b> | <b>0.53</b>          | <b>0.36</b>          |

\* includes current maturity of long term borrowing

**38 Micro, Small and Medium Enterprises Development Act, 2006**

As per the information available, the management has not received information from some of their suppliers for the year ended 31 March, 2023 confirming that they are covered under Micro, Small and Medium Enterprises Development Act, 2006. In Management's view, the impact of any interest that may be payable (in accordance with the provisions of the Micro, Small and Medium Enterprise Development Act, 2006) on delayed payments to its micro or small suppliers is not expected to be significant.

**39 Segment Information**

The business segment have been identified on the basis of the nature of products and services, the risks and returns, internal organisation and management structure and the internal performance reporting systems.

The Company has identified business segment as its primary segment. In accordance with Indian Accounting Standard 108 - Segment Reporting, the Company has determined its business segment as "design, development, installation and servicing of information technology related resource". Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors based in India regarded as the Chief Operating Decision Maker ("CODM"). Since the entire Company's business is from information technology related resource there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortisation during the year are all as reflected in the financial statements as at and for the year ended 31 March, 2023 and for the year ended March 31, 2022

The secondary segment by geographical segments is provided below based on location of customers:

The Company has identified India and Rest of the world as geographical segments for secondary segmental reporting. Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognized. Assets other than receivables used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as these are used interchangeably between segments.

| Geographical Segment | Sales and Services |                 | Total Assets    |                 |
|----------------------|--------------------|-----------------|-----------------|-----------------|
|                      | March 31, 2023     | March 31, 2022  | March 31, 2023  | March 31, 2022  |
| India                | 1,919.53           | 1,764.96        | 4,103.43        | 4,246.22        |
| Outside India        | 94.18              | 167.37          | 11.92           | 56.81           |
| <b>Total</b>         | <b>2,013.71</b>    | <b>1,932.34</b> | <b>4,115.35</b> | <b>4,303.04</b> |

**Information about major customers:**

There is no single external customer which contributes more than 10% to the revenue of the financial year ended on March 31, 2023 and March 31, 2022

**40 CSR Expenditure**

As per provisions of section 135 of the Companies Act, 2013, the company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013.

The Company has contributed a sum of Rs.2.10 millions (March 31, 2022: Rs. 3.80 Mn) for the Year towards this cause and charged the same to the Statement of Profit And Loss.

The gross amount required to be spent during the Year was Rs 2.03 millions .

(in millions)

| Particulars  | March 31,2023 | March 31,2022 |
|--|---------------|---------------|
| Contribution   | 2.10          | 3.80          |
| <b>Total</b>   | <b>2.10</b>   | <b>3.80</b>   |
| Amount required to be spent as per Section 135 of the Act* | 2.03          | 3.80          |
| Amount spent during the year on                            |               |               |
| (i) Research centre  | 2.10          | -             |
| (ii) Education trust                                       | -             | 3.80          |

**Details of ongoing CSR projects under Section 135(6) of the Act**

| Balance as at April 1, 2022 |                                 | Amount required to be spent during the Year | Amount spent during the year    |                                   | Balance as at 31 March 2023 |                                 |
|-----------------------------|---------------------------------|---|---------------------------------|-----------------------------------|-----------------------------|---------------------------------|
| With the Company            | In Separate CSR Unspent account |   | From the Company's bank account | From Separate CSR Unspent account | With the Company            | In Separate CSR Unspent account |
| NIL                         | -                               | 2.03  | 2.10                            | -                                 | -                           | -                               |

**Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects**

| Balance unspent as at 1 April 2022 | Amount deposited in Specified Fund of Schedule VII of the Act | Amount required to be spent during the Year | Amount spent during the Year | Balance unspent as at 31 March 2023 |
|------------------------------------|---|---|------------------------------|-------------------------------------|
| -                                  | -   |   |                              | -                                   |

**Details of excess CSR expenditure under Section 135(5) of the Act**

| Balance excess spent as at 1 April 2022 | Amount required to be spent during the Year | Amount spent during the Year | Balance excess spent as at 31 March 2023 |
|---|---|------------------------------|--|
| -                                       | 2.03  | 2.10                         | 0.07                                     |

**41 Exceptional Items:**

- In October 2021, the Company has received notices from CGST Department under section 86A - where the department has reasons to believe that the company should reverse certain Input Tax Credit availed. Company have paid Rs.30.78 million in DRC-03 against such invoices and written it off as expenses under exceptional item .
- In January 2022, the Company has received summons from CGST Department -Karnataka under section 70 - where the department has raised the inquiry in connection with evasion of GST by the company. The department raised the concerns with regards to availment of GST Input in invoices from vendors who are willful defaulters in payment of GST.Company have paid Rs.35.00 million including interest and penalty in DRC-03 against such invoices and written it off as expenses under exceptional item .

## 42 Ageing Schedule

## a) Trade Receivables

## Outstanding for following period from the date of transaction as at 31st March 2023

| Particulars  | Not Due | Less than 6 months | 6 Months to 1 year | 1 -2 years | 2 -3 years | More than 3 years | Expected Credit Loss Allowance | Total         |
|--|---------|--------------------|--------------------|------------|------------|-------------------|--------------------------------|---------------|
| Trade Receivables -Considered Good                   | -       | 505.33             | 115.39             | 30.35      | 32.12      | 31.65             | (149.67)                       | 565.17        |
| Trade Receivables-Credit Impaired                    | -       | -                  | -                  | -          | 15.65      | -                 | (15.65)                        | -             |
| <b>Total Trade Receivables</b>                       |         |                    |                    |            |            |                   |                                | <b>565.17</b> |
| Unbilled Receivable                                  | 310.12  | -                  | -                  | -          | -          | -                 | -                              | 310.12        |
| <b>Total Trade Receivables - Billed and Unbilled</b> |         |                    |                    |            |            |                   |                                | <b>875.29</b> |

## Outstanding for following period from the date of transaction as at 31st March 2022

| Particulars  | Not Due | Less than 6 months | 6 Months to 1 year | 1 -2 years | 2 -3 years | More than 3 years | Expected Credit Loss Allowance | Total         |
|--|---------|--------------------|--------------------|------------|------------|-------------------|--------------------------------|---------------|
| Trade Receivables -Considered Good                   |         | 484.81             | 175.59             | 51.87      | 40.47      | 6.01              | (124.45)                       | 634.30        |
| Trade Receivables-Credit Impaired                    |         | -                  | -                  | 15.65      | -          | -                 | (15.65)                        | -             |
| <b>Total Trade Receivables</b>                       |         |                    |                    |            |            |                   |                                | <b>634.30</b> |
| Unbilled Receivable                                  | 339.05  | -                  | -                  | -          | -          | -                 | -                              | 339.05        |
| <b>Total Trade Receivables - Billed and Unbilled</b> |         |                    |                    |            |            |                   |                                | <b>973.35</b> |

## b) Trade Payables

## Outstanding for following period from due date of payment as at 31st March 2023

| Particulars | Less than 6 months | 6 Months to 1 year | 1 -2 years | 2 -3 years | More than 3 years | Total  |
|-------------|--------------------|--------------------|------------|------------|-------------------|--------|
| MSME        | 59.22              | 0.33               | 0.23       | -          | -                 | 59.78  |
| Others      | 165.81             | 9.30               | 1.44       | -          | 4.45              | 181.01 |

## Outstanding for following period from due date of payment as at 31st March 2022

| Particulars | Less than 6 months | 6 Months to 1 year | 1 -2 years | 2 -3 years | More than 3 years | Total  |
|-------------|--------------------|--------------------|------------|------------|-------------------|--------|
| MSME        | 9.19               | 1.40               | 0.11       |            |                   | 10.71  |
| Others      | 219.35             | 11.22              | 3.88       | 4.31       | -                 | 238.77 |

## c) Capital WIP

## As at 31st March 2023

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|-------------|------------------|-----------|-----------|-------------------|-------|
| CWIP        | -                | -         | -         | -                 | -     |

## As at 31st March 2022

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|-------------|------------------|-----------|-----------|-------------------|-------|
| CWIP        | 0.70             |           | -         | -                 | 0.70  |

43 Additional Regulatory Requirements-Ratios

| Ratios as per Schedule III |                                  | As at March 31,2023   |            |          | As at March 31,2022 |            |          | % Change in Ratio |          |
|----------------------------|----------------------------------|---|------------|----------|---------------------|------------|----------|-------------------|----------|
| Particulars                | Formulae used for calculation    | Numerator   | Denomintor | Ratio    | Numerator           | Denomintor | Ratio    |                   |          |
| a)                         | Current ratio                    | Current Assets/Current Liabilities                            | 1,939.11   | 1,023.93 | 1.89                | 1,963.23   | 1,551.26 | 1.27              | 33.17%   |
| b)                         | Debt-Equity Ratio                | (Non-current borrowings+ Current borrowings)/Total Equity     | 1,360.13   | 2,351.15 | 0.58                | 1,105.43   | 2,205.27 | 0.50              | 13.35%   |
| c)                         | Debt Service Coverage Ratio      | EBIDTA/Debt obligation  | 527.11     | 1,360.13 | 0.39                | 656.68     | 1,105.43 | 0.59              | -53.29%  |
| d)                         | Return on Equity Ratio           | Profit after tax/ Shareholder's equity                        | (150.32)   | 2,351.15 | -6.39%              | 21.05      | 2,205.27 | 0.95%             | 114.93%  |
| e)                         | Trade Receivables turnover ratio | Revenue from operations/Average trade receivables             | 2,013.71   | 599.73   | 3.36                | 1,932.34   | 552.60   | 3.50              | -4.14%   |
| f)                         | Trade payables turnover ratio    | (Purchase of goods + Other expenses)/Average trade payables   | 791.96     | 267.09   | 2.97                | 641.88     | 240.66   | 2.67              | 10.05%   |
| g)                         | Net capital turnover ratio       | Revenue from operations/(Current assets- Current liabilities) | 2,013.71   | 915.18   | 2.20                | 1,932.34   | 411.96   | 4.69              | -113.17% |
| h)                         | Net profit ratio                 | Profit after tax/ Revenue from operations                     | (150.32)   | 2,013.71 | -7.46%              | 21.05      | 1,932.34 | 1.09%             | 114.59%  |
| j)                         | Return on capital employed       | EBIT/Capital employed   | 65.42      | 2,351.15 | 2.78%               | 235.92     | 2,205.27 | 10.70%            | -284.46% |

**Reasons for Change more than 25% from previous year**

- a)**Current Ratio:**Increase in current ratio is mainly on account of increase in term deposits with maturity less than 12 months and income tax receivable  
b)**Debt Service Coverage Ratio :**Decrease in debt service coverage ratio is on account of decrease in operating profits during the year and net debt increase  
c)**Return on Equity Ratio :** Return on equity has decreased on account substantial decrease in profits of the company  
d)**Net capital turnover ratio:** Decrease in net capital ratio is on account of substantial decrease in profits of the company  
g)**Net profit ratio :**Decrease in net profits is due higher operational costs and lesser revenue  
h)**Return on capital employed:** Decrease in return on capital employed is on account of significant decrease in EBIT margins

**ii) Borrowings obtained on the basis of security of current assets**

The company has filed quarterly returns or statements with the banks in lieu of the sanctioned working facilities,there is no material differences.

#### 44 Additional Regulatory Disclosures As Per Schedule III Of Companies Act, 2013

- i) Title deeds of Immovable Property are in the name of company wherever applicable
- ii) Details of Benami Property and its proceedings- Not applicable as there are no proceedings which have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- iii) Wilful Defaulter - The company has not been declared wilful defaulter by bank or financial institution or government or any government authority.
- iv) Relationship with Struck off Companies -As per section 248 of the Companies Act, 2013 or section 560 of Companies Act,1956 ,there are no balances outstanding with struck off companies
- v) Compliance with number of layers of companies - Not Applicable as the Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- vi) Compliance with approved Scheme(s) of Arrangements - Not Applicable as the Company has no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- vii) Details of Crypto Currency or Virtual Currency - Not Applicable as the Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- viii) There were no whistle blower complaints received by the Company during the year.
- ix) The Company does not have any such transaction which is not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.
- x) The Company does not have any intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.
- xi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (b) Provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- xii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) Provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- xiii) Registration of charges or satisfaction with registrar of companies- The Company does not have any charges or satisfaction which is yet to registered with ROC beyond the statutory period.

#### 45 Revenue Details

Revenue for the year ended March 31, 2023 is net of certain one-time reversals of revenue pertaining to earlier years amounting to INR 153.93 million. Grossed up for this reversal amount, the Gross Revenue for the year was Rs 2,167.65 million. There was no reversal of any corresponding costs in the statement of profit and loss for the year ended March 31, 2023

| Particulars  | Rs in millions |
|--|----------------|
| Gross Revenue from Operations  | 2,167.65       |
| Less:One-time reversal in revenue pertaining to previous years (unbilled and credit notes) | 153.93         |
| Revenue from Operations recognised in statement of profit and loss                         | 2013.71        |

46 Previous period figures have been regrouped/reclassified wherever necessary to confirm to current periods presentation

#### In terms of our report of even date

For Shah Khandelwal Jain & Associates  
ICAI Firm Registration Number: 142740W  
Chartered Accountants

For and on behalf of the Board of Directors  
ESDS Software Solution Limited  
CIN : U72200MH2005PLC155433

|                          |                                |                     |  |                              |
|--------------------------|--------------------------------|---------------------|--|------------------------------|
| Sd/-                     | Sd/-                           | Sd/-                | Sd/-                                     | Sd/-                         |
| <b>Ashish Khandelwal</b> | <b>Piyush Somani</b>           | <b>Komal Somani</b> | <b>Prasad Deokar</b>                     | <b>Nadukuru Sita Ramaiah</b> |
| Partner                  | Chairman and Managing Director | Whole Time Director | Company secretary and compliance officer | Chief Financial officer      |
| Membership No.: 049278   | DIN :02357582                  | DIN: 08477154       | M No:A34350                              | Place : Nashik               |
| Place : Pune             | Place: Nashik                  | Place: Nashik       | Place : Nashik                           | Date : 05/09/2023            |
| Date : 05/09/2023        | Date : 05/09/2023              | Date : 05/09/2023   | Date : 05/09/2023                        |                              |

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of ESDS Software Solution Limited**

**Report on the Consolidated Financial Statements**

### **Opinion**

We have audited the accompanying Consolidated IND AS financial statements of ESDS Software Solution Limited (“the Holding Company”) and its subsidiaries (Holding Company & subsidiaries referred to as “the Group”), which comprise the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including the consolidated statement of Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended , and notes to the Consolidated Financial Statements including a summary of significant accounting policies, and other explanatory information (herein after referred to as “the Consolidated Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the Consolidated IND AS financial statements give the information required by the Companies Act 2013, as amended (“The Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and their consolidated statement of changes in equity for the year ended on that date.

### **Basis for Opinion**

We conducted the audit of the Consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

### **Key Audit Matters**

Key Audit Matters are those matters which in our professional judgement, were of the most significance in our Audit of the Consolidated Ind AS Financial Statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

### **Key Audit Matter - Revenue Recognition**

The Group's contracts with customers include contracts with multiple products and services. The Group derives revenues from IT enabled services comprising Cloud Computing Infrastructure as a service (IaaS), Software as a Service (SaaS) and related managed services. As certain contracts with customers involve management's judgment in:

- (1) Identifying distinct performance obligations,
- (2) Determining whether the Company is acting as a principal or an agent and
- (3) Whether fixed price maintenance revenue is recognized on a straight-line basis or using the percentage of completion method.

The Group has also assessed -

- (i) The possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts,
- (ii) Onerous obligations,
- (iii) Penalties relating to breaches of service level agreements and
- (iv) Termination or deferment of contracts by customers.

Revenue recognition from these judgments were identified as a key audit matter and required a higher extent of audit effort.

(Refer Note 2.8, 2.15, 2.16 in notes to the Consolidated Financial Statements for relevant accounting policy.)

### **How our audit addressed the matter:**

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

- (i) Obtaining an understanding of the systems, processes and controls implemented by management for recording and computing revenue and associated unbilled revenue, unearned and deferred revenue balances and onerous contract obligations, if any.
- (ii) Evaluated the design and operating effectiveness of internal controls relating to the application of revenue accounting standard specifically, those relating to identification of the distinct performance obligations and determination of transaction price.

(iii) In respect of a sample of large and complex contracts and certain other contracts, our procedures included, among other things:

- a. Identified significant terms of the contracts;
- b. Assessing appropriateness of management's significant judgements in accounting for identified contracts such as identification of performance obligation and allocation of consideration to identified performance obligation;
- c. Evaluation of the contract terms with respect to assessment of the date of transfer of control;
- d. Testing of timing of recognition of revenue (including procedures related to cut off) in line with the terms of contracts;
- e. Testing the appropriateness of key assumptions used by Management including the appropriateness and reasonability of Management's conclusion regarding the expected delays in estimated completion of the performance obligations and possible impact on key estimates. Obtained understanding of the terms and communications with the customers to assess the likelihood of availability of contractual remedies.

(iv) Reviewing the adequacy and presentation of revenue recognition disclosures in the financial statements, ensuring their compliance with the disclosure requirements of Ind AS 115.

Our audit procedures, combined with other procedures performed during the audit, provided us with sufficient evidence to form our opinion on the group's revenue recognition practices and their compliance with Ind AS.

#### **Information other than the Financial Statements and Auditors' Report thereon**

The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our auditors' report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the financial statement of the subsidiaries audited by the other auditors and, in doing so, place reliance on the work of other auditors and consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other consolidated comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. We have taken into account the provisions of the Companies Act 2013, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated IND AS financial statements.

#### **Other Matters**

a) We have not audited the financial statements/financial information of two subsidiaries out of which, whose financial statements reflect total assets of Rs. 480.09 million as at 31st March 2023 and total Revenues of Rs. 41.32 million for the year ended at 31st March 2023. These Financial Statements have been audited by other Auditors whose Reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) & (11) of Section 143 of the Act, in so far it relates to the aforesaid subsidiaries, is solely based on the reports of the other auditors.

b) The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of two subsidiaries, whose financial statements and other financial information reflect total assets of Rs. 75.72 million as at 31<sup>st</sup> March, 2023, and total revenues Rs. 62.37 million for the year ended 31<sup>st</sup> March 2023. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information.

In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries we report, to the extent applicable that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept by the Group so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Consolidated Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement

and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors of Holding Company as on March 31, 2023, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act of its subsidiaries none of the directors of the Group Companies, incorporated in India, is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS financial statements of the Holding Company & its subsidiaries, refer to our separate Report in “Annexure 1” to this report;

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us

i. The Company has disclosed the impact of pending litigations on its financial position of the Group in its Consolidated Ind AS financial statements;

ii. The Company has made provision in the Consolidated Financial Statements, as required if any under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv a) The management has represented that to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the the Holding Company or its subsidiary companies incorporated in India from any person or entities including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v) The Holding Company and its subsidiary companies incorporated in India has not declared or paid any dividend during the year, therefore the provisions of the section 123 of the Act is not applicable.

2. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion, the managerial remuneration for the year ended March 31, 2023 paid by the Holding Company and its subsidiaries which are incorporated in India to its directors is in accordance with the provisions of Section 197 read with schedule V of the act.

3. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

**For Shah Khandelwal Jain & Associates**  
**Chartered Accountants**  
Firm Registration No. 142740W

Sd/-

**Ashish Khandelwal**  
**Partner**  
Membership No. 049278  
Place: Pune  
Date: 5<sup>th</sup> September, 2023  
UDIN: 23049278BGVMZS8272

**Annexure 1 referred to in paragraph 1 (f) under the heading “Report on other Legal and Regulatory requirements” of our report of even date**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of ESDS Software Solution Limited (“the Holding Company”) and its subsidiaries, as of March 31, 2023 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiaries, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Holding Company, its subsidiaries, which are incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these Consolidated Financial Statements.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A

company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

According to the information and explanations given to us and based on our audit, the Holding Company, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2023.

In relation to the subsidiaries, which are incorporated in India, please refer Other Matters paragraph below.

### **Other Matters**

As per section 143(3)(i) of the Companies Act, 2013, reporting of internal financial controls over financial reporting is not applicable to two subsidiaries, which incorporated in India, thus our report over the internal financial controls over financial reporting is based on the internal financial controls over financial reporting of the Holding Company.

**For Shah Khandelwal Jain & Associates**

**Chartered Accountants**  
**Firm Registration No: 142740W**

Sd/-

**Ashish Khandelwal**  
Partner  
Membership No. 049278  
Place: Pune  
Date: 5<sup>th</sup> September, 2023  
UDIN: 23049278BGVMZS8272

**ESDS Software Solution Limited**  
**Consolidated Balance sheet as at 31st March, 2023**  
*(All amounts are in Rupees millions, unless otherwise stated)*

| Particulars  | Notes | March 31, 2023  | March 31, 2022  |
|--|-------|-----------------|-----------------|
| <b>ASSETS</b>  |       |                 |                 |
| <b>Non-current assets</b>  |       |                 |                 |
| Property, plant and equipment  | 3     | 1,967.48        | 2,043.32        |
| Right-of-use of assets   | 4     | 830.73          | 850.90          |
| Capital work-in-progress   | 5     | -               | 0.70            |
| Intangible assets  | 6a    | 109.73          | 164.53          |
| Financial Assets   |       |                 |                 |
| Non-current financial assets   | 7.a   | 146.61          | 206.03          |
| Other non-current assets   | 8     | 2.18            | 2.13            |
| <b>Total non-current assets</b>  |       | <b>3,056.73</b> | <b>3,267.61</b> |
| <b>Current assets</b>  |       |                 |                 |
| Current financial assets   |       |                 |                 |
| Trade receivables  | 9a    | 571.34          | 638.53          |
| Unbilled Receivable  | 9b    | 314.07          | 339.05          |
| Cash and cash equivalents  | 10    | 168.86          | 350.60          |
| Other bank balances  | 11    | 409.69          | 146.39          |
| Other current financial assets   | 7.b   | 52.70           | 78.01           |
| Income-tax assets  | 12    | 234.93          | 163.70          |
| Other current assets   | 13    | 184.33          | 241.43          |
| <b>Total current assets</b>  |       | <b>1,935.92</b> | <b>1,957.72</b> |
| <b>Total assets</b>  |       | <b>4,992.65</b> | <b>5,225.34</b> |
| <b>EQUITY AND LIABILITIES</b>  |       |                 |                 |
| <b>Equity</b>  |       |                 |                 |
| Equity share capital   | 14    | 92.89           | 91.57           |
| <b>Other equity</b>  |       |                 |                 |
| Equity component of compound financial instrument                                      | 15    | -               | -               |
| Reserves and surplus   | 15    | 1,963.07        | 1,897.04        |
| Other reserves   | 15    | 49.96           | 68.44           |
| <b>Equity attributable to owners of ESDS Software Solution Limited</b>                 |       | <b>2,105.92</b> | <b>2,057.05</b> |
| Non-controlling interest   | 40    | (4.38)          | (4.31)          |
| <b>Total equity</b>  |       | <b>2,101.54</b> | <b>2,052.74</b> |
| <b>LIABILITIES</b>   |       |                 |                 |
| <b>Non-current liabilities</b>   |       |                 |                 |
| Non current financial liabilities  |       |                 |                 |
| Non-current borrowings   | 16.a  | 929.80          | 655.88          |
| Lease liabilities  |       | 558.70          | 608.31          |
| Other non-current financial liabilities  | 17.a  | -               | -               |
| Employee benefit obligations   | 18    | 91.06           | 83.97           |
| Deferred tax liabilities (net)   | 23    | (16.49)         | 36.14           |
| <b>Total non-current liabilities</b>   |       | <b>1,563.07</b> | <b>1,384.30</b> |
| <b>Current liabilities</b>   |       |                 |                 |
| Current financial liabilities  |       |                 |                 |
| Current borrowings   | 16.b  | 718.49          | 678.66          |
| Lease liabilities  | 4     | 145.20          | 205.00          |
| Trade payables   |       |                 |                 |
| Total outstanding dues of micro enterprises and small enterprises                      | 19    | 59.78           | 10.71           |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 19    | 219.52          | 253.94          |
| Other current financial liabilities  | 17.a  | 57.38           | 537.31          |
| Employee benefit obligations   | 18    | 3.08            | 3.09            |
| Income-tax liabilities   | 20    | -               | 0.26            |
| Other current liabilities  | 21    | 124.59          | 99.33           |
| <b>Total current liabilities</b>   |       | <b>1,328.05</b> | <b>1,788.30</b> |
| <b>Total liabilities</b>   |       | <b>2,891.11</b> | <b>3,172.59</b> |
| <b>Total equity and liabilities</b>  |       | <b>4,992.65</b> | <b>5,225.34</b> |

The above balance sheet should be read in conjunction with the accompanying significant notes

In terms of our report of even date

**For Shah Khandelwal Jain & Associates**  
ICAI Firm Registration Number: 142740W  
Chartered Accountants

Sd/-  
**Ashish Khandelwal**  
Partner  
Membership No.: 049278  
Place : Pune  
Date : 05/09/2023

**For and on behalf of the Board of Directors**  
**ESDS Software Solution Limited**

Sd/-  
**Piyush Somani**  
Chairman and Managing Director  
DIN :02357582  
Place: Nashik  
Date : 05/09/2023

Sd/-  
**Komal Somani**  
Whole Time Director  
DIN: 08477154  
Place: Nashik  
Date : 05/09/2023

Sd/-  
**Prasad Deokar**  
Company Secretary and Compliance officer  
Membership No.: A34350  
Place: Nashik  
Date : 05/09/2023

Sd/-  
**Nadukuru Sita Ramaiah**  
Chief Financial officer  
Place: Nashik  
Date : 05/09/2023

**ESDS Software Solution Limited**  
**Consolidated Statement of Profit and Loss for the Year ended 31st March 2023**  
*(All amounts are in Rupees millions, unless otherwise stated)*

| Particulars  | Notes | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|-------|------------------------------|------------------------------|
| Revenue from operations  | 24    | 2,075.66                     | 1,953.58                     |
| Other income   | 25    | 46.76                        | 33.34                        |
| <b>Total income</b>  |       | <b>2,122.42</b>              | <b>1,986.92</b>              |
| <b>Expenses</b>  |       |                              |                              |
| Employee benefit expense   | 26    | 770.07                       | 708.82                       |
| Finance costs  | 27    | 259.27                       | 177.19                       |
| Depreciation and amortisation expense  | 28    | 491.48                       | 429.47                       |
| Other expenses   | 29    | 830.80                       | 657.91                       |
| <b>Total expenses</b>  |       | <b>2,351.63</b>              | <b>1,973.39</b>              |
| <b>Profit before exceptional items</b>   |       | <b>(229.22)</b>              | <b>13.53</b>                 |
| Exceptional Items  |       |                              |                              |
| Rates and Taxes (refer note no 31(ii)(d))  |       | 47.78                        | 35.00                        |
| <b>Profit before tax</b>   |       | <b>(276.99)</b>              | <b>(21.47)</b>               |
| <b>Income tax expense</b>  |       |                              |                              |
| Current tax (MAT)  | 22    | -                            | 4.46                         |
| Less: MAT credit entitlement   | 22    | -                            | (4.46)                       |
| Deferred tax   | 22    | (52.39)                      | 5.16                         |
| <b>Total tax expense</b>   |       | <b>(52.39)</b>               | <b>5.16</b>                  |
| <b>Profit for the year [A]</b>   |       | <b>(224.60)</b>              | <b>(26.63)</b>               |
| <b>Other comprehensive income</b>  |       |                              |                              |
| <i>Items that will not be reclassified to profit or loss</i>   |       |                              |                              |
| Changes in the fair value of equity instruments at FVOCI   |       | (0.26)                       | 3.24                         |
| Remeasurement of post-employment benefit obligations   |       | 0.07                         | (0.90)                       |
| Income tax relating to these items   |       | (0.19)                       | 2.34                         |
| <i>Items that will be reclassified to profit or loss</i>   |       |                              |                              |
| Foreign exchange differences on translation of foreign operations                                    |       | (22.79)                      | (1.42)                       |
| <b>Total other comprehensive income for the year, net of tax [B]</b>                                 |       | <b>(22.98)</b>               | <b>0.91</b>                  |
| <b>Total comprehensive income for the year [A+B]</b>   |       | <b>(247.58)</b>              | <b>(25.71)</b>               |
| <b>Profit is attributable to:</b>  |       |                              |                              |
| Owners of ESDS Software Solution Limited   |       | (224.53)                     | (27.24)                      |
| Non-controlling interest   |       | -0.07                        | 0.61                         |
|  |       | <b>(224.60)</b>              | <b>(26.63)</b>               |
| <b>Other comprehensive income is attributable to:</b>  |       |                              |                              |
| Owners of ESDS Software Solution Limited   |       | (22.98)                      | 0.91                         |
| Non-controlling interest   |       | -                            | -                            |
|  |       | <b>(22.98)</b>               | <b>0.91</b>                  |
| <b>Total comprehensive income is attributable to:</b>  |       |                              |                              |
| Owners of ESDS Software Solution Limited   |       | (247.51)                     | (26.32)                      |
| Non-controlling interest   |       | -0.07                        | 0.61                         |
|  |       | <b>(247.58)</b>              | <b>(25.71)</b>               |
| <b>Earnings per equity share for profit attributable to owners of ESDS Software Solution Limited</b> | 30    |                              |                              |
| Basic (face value of equity shares : INR 1 per share)  |       | (2.42)                       | (0.42)                       |
| Diluted (face value of equity shares : INR 1 per share)  |       | (2.42)                       | (0.42)                       |

The above statement of profit and loss should be read in conjunction with the accompanying notes.

In terms of our report of even date

**For Shah Khandelwal Jain & Associates**  
ICAI Firm Registration Number: 142740W  
Chartered Accountants

Sd/-  
**Ashish Khandelwal**  
Partner  
Membership No.: 049278  
Place : Pune  
Date : 05/09/2023

**For and on behalf of the Board of Directors**  
**ESDS Software Solution Limited**

Sd/-  
**Piyush Somani**  
Chairman and Managing Director  
DIN :02357582  
Place: Nashik  
Date : 05/09/2023

Sd/-  
**Prasad Deokar**  
Company Secretary and Compliance officer  
Membership No.: A34350  
Place: Nashik  
Date : 05/09/2023

Sd/-  
**Komal Somani**  
Whole Time Director  
DIN: 08477154  
Place: Nashik  
Date : 05/09/2023

Sd/-  
**Nadukuru Sita Ramaiah**  
Chief financial officer  
Place: Nashik  
Date : 05/09/2023

**ESDS Software Solution Limited**  
**Consolidated Statement of Cashflows for the Year ended 31st March 2023**  
*(All amounts are in Rupees millions, unless otherwise stated)*

| Particulars   | Year Ended<br>March 31, 2023 | Year Ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| <b>A) Cash flows from operating activities</b>  |                              |                              |
| Profit before tax   | (276.99)                     | (21.47)                      |
| <b>Adjustments for</b>  |                              |                              |
| Depreciation and amortisation expense   | 491.48                       | 429.47                       |
| (Gain)/Loss on disposal of property, plant and equipment  | 0.03                         |                              |
| Expected Credit loss allowance  | 43.65                        | 70.22                        |
| Interest income classified as investing activities  | (15.63)                      | (16.51)                      |
| Finance costs   | 259.27                       | 177.19                       |
| Unrealised exchange (gain)/loss   | (1.54)                       | 2.51                         |
| Employee stock option expenses  | 5.44                         |                              |
| <b>Operating profit before working capital changes</b>  | <b>505.71</b>                | <b>641.41</b>                |
| <b>Changes in working capital</b>   |                              |                              |
| (Increase) / Decrease in trade receivables  | 50.05                        | (257.27)                     |
| (Increase) / Decrease in other current and non current financial assets   | 15.45                        | (17.59)                      |
| (Increase) / Decrease in other current and non current assets   | 57.05                        | (104.28)                     |
| Increase / (Decrease) in trade payables   | 14.65                        | (4.82)                       |
| Increase / (Decrease) in employee benefit obligations   | 6.82                         | 10.41                        |
| Increase/ (Decrease) in other current and non current financial liabilities   | (55.81)                      | (8.91)                       |
| Increase/ (Decrease) in other current and non current liabilities   | 28.74                        | 2.01                         |
| <b>Cash generated from operations</b>   | <b>622.67</b>                | <b>260.95</b>                |
| Income taxes paid (net of refunds received)   | (71.23)                      | (96.57)                      |
| <b>Net cash inflow/ (outflow) from operating activities</b>   | <b>551.44</b>                | <b>164.39</b>                |
| <b>B) Cash flows from investing activities</b>  |                              |                              |
| Payments for property, plant and equipment and intangible assets  | (361.75)                     | (605.58)                     |
| Bank balances not considered as cash and cash equivalents   | (194.02)                     | (106.41)                     |
| Interest/ income on investment received   | 15.63                        | 16.51                        |
| <b>Net cash flows from investing activities</b>   | <b>(540.14)</b>              | <b>(695.48)</b>              |
| <b>C) Cash flows from financing activities</b>  |                              |                              |
| Proceeds from issue of preference shares  | -                            | 199.99                       |
| Proceeds from Rights issue  | -                            | 7.00                         |
| Proceeds from issue of Non-convertible debentures   | 450.00                       | 300.00                       |
| Increase/ (decrease) of non-current borrowings  | (176.08)                     | (83.67)                      |
| Increase/ (decrease) of current borrowings  | 16.33                        | 412.54                       |
| Principal elements of lease payments  | (281.48)                     | (277.50)                     |
| Proceeds from issue of equity share capital (including securities premium and net of refund of share application money) | (9.05)                       | 300.00                       |
| Interest paid on borrowings   | (194.44)                     | (121.67)                     |
| <b>Net cash inflows/ (outflow) from financing activities</b>  | <b>(194.72)</b>              | <b>736.68</b>                |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   | <b>(183.42)</b>              | <b>205.60</b>                |
| Foreign currency translation impact on cash and cash equivalents  | 1.69                         | 1.18                         |
| Cash and cash equivalents at the beginning of the financial year  | 350.60                       | 143.82                       |
| <b>Cash and cash equivalents at the end of the financial year</b>   | <b>168.86</b>                | <b>350.60</b>                |

Reconciliation of cash and cash equivalents as per the cash flow statement:

|  | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Cash and cash equivalents (Note 10)            | 168.86         | 350.60         |
| <b>Balances as per statement of cash flows</b> | <b>168.86</b>  | <b>350.60</b>  |

This is the Cash Flow Statement referred to in our report of even date.

**For Shah Khandelwal Jain & Associates**  
ICAI Firm Registration Number: 142740W  
Chartered Accountants

**For and on behalf of the Board of Directors**  
**ESDS Software Solution Limited**

Sd/-

**Ashish Khandelwal**  
Partner  
Membership No.: 049278  
Place : Pune  
Date : 05/09/2023

Sd/-

**Piyush Somani**  
Chairman and Managing Director  
DIN :02357582  
Place: Nashik  
Date : 05/09/2023

Sd/-

**Komal Somani**  
Whole Time Director  
DIN: 08477154  
Place: Nashik  
Date : 05/09/2023

Sd/-

**Prasad Deokar**  
Company Secretary and  
Compliance officer  
Membership No.: A34350  
Place: Nashik  
Date : 05/09/2023

Sd/-

**Nadukuru Sita Ramaiah**  
Chief financial officer  
Place: Nashik  
Date : 05/09/2023

**A. Equity share capital**

Equity shares of Rs.1 each issued, subscribed and fully paid up\*\*

| Particulars                    | Note | Total |
|--------------------------------|------|-------|
| As at March 31, 2021           |      | 52.22 |
| Change in equity share capital |      | 39.35 |
| As at March 31, 2022           |      | 91.57 |
| Change in equity share capital |      | 1.32  |
| As at March 31, 2023           |      | 92.89 |

**B. Other equity**

| Particulars  | Attributable to owners of ESDS Software Solution Limited |                            |                            |                              |                   |                                      |                     |                             | Non-controlling interest | Total other equity |
|--|--|----------------------------|----------------------------|------------------------------|-------------------|--------------------------------------|---------------------|-----------------------------|--------------------------|--------------------|
|  | Equity component of compound financial instrument        | Reserves and surplus       |                            |                              |                   | Other reserves                       |                     |                             |                          |                    |
|  |  | Securities premium account | Capital redemption reserve | Debenture Redemption Reserve | Retained earnings | Foreign currency translation reserve | Revaluation reserve | Share Based Payment Reserve |                          |                    |
| As at March 31, 2021   | 1,239.85   | 6.85                       | 3.59                       | -                            | 502.77            | 0.25                                 | 65.29               | -                           | (4.74)                   | 1,813.86           |
| Profit for the year  |  |                            |                            |                              | (27.24)           |                                      |                     |                             | 0.61                     | (26.63)            |
| Currency translation adjustments for subsidiaries  |  |                            |                            |                              |                   | (1.42)                               |                     |                             | (0.18)                   | (1.42)             |
| Previous year adjustment   |  |                            |                            |                              |                   |                                      |                     |                             |                          | (0.18)             |
| Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings |  |                            |                            |                              | 1.12              |                                      | (1.12)              |                             |                          | -                  |
| Other comprehensive income not reclassified to profit and loss   |  |                            |                            |                              | 2.34              |                                      |                     |                             |                          | 2.34               |
| Other comprehensive income that will be reclassified to profit and loss  |  |                            |                            |                              |                   |                                      |                     |                             |                          | -                  |
| Share Based Payment - Expense recognized for the year  |  |                            |                            |                              |                   |                                      |                     | 5.45                        |                          | 5.45               |
| Transferred from Retained Earnings   |  |                            |                            |                              | 30.00             | (30.00)                              |                     |                             |                          | -                  |
| Security Premium on account of conversion of compulsory convertible shares and debentures                                  | (1,439.84)   | 1,407.63                   |                            |                              |                   |                                      |                     |                             |                          | (32.21)            |
| Equity component of compound financial instruments issued during the year  | 199.99   |                            |                            |                              |                   |                                      |                     |                             |                          | 199.99             |
| Total  | (1,239.85)   | 1,407.63                   | -                          | 30.00                        | (53.78)           | (1.42)                               | (1.12)              | 5.45                        | 0.43                     | 147.33             |
| As at March 31, 2022   | 0.00   | 1,414.48                   | 3.59                       | 30.00                        | 448.99            | (1.17)                               | 64.17               | 5.45                        | (4.31)                   | 1,961.18           |
| Profit for the year  |  |                            |                            |                              | (224.53)          |                                      |                     |                             | (0.07)                   | (224.60)           |
| Currency translation adjustments for subsidiaries  |  |                            |                            |                              |                   | (22.79)                              |                     |                             |                          | (22.79)            |
| Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings |  |                            |                            |                              | 1.12              |                                      | (1.12)              |                             |                          | -                  |
| Other comprehensive income   |  |                            |                            |                              | (0.19)            |                                      |                     |                             |                          | (0.19)             |
| Share Based Payment - Expense recognized for the period  |  |                            |                            |                              |                   |                                      |                     | 5.44                        |                          | 5.44               |
| Transferred from Retained Earnings   |  |                            |                            |                              | 45.00             | (45.00)                              |                     |                             |                          | -                  |
| Security Premium on account of fresh issue   |  | 289.63                     |                            |                              |                   |                                      |                     |                             |                          | 289.63             |
| Equity component of compound financial instruments issued during the year  |  |                            |                            |                              |                   |                                      |                     |                             |                          | -                  |
| Total  | -  | 289.63                     | -                          | 45.00                        | (268.60)          | (22.79)                              | (1.12)              | 5.44                        | (0.07)                   | 47.49              |
| As at March 31, 2023   | 0.00   | 1,704.11                   | 3.59                       | 75.00                        | 180.39            | (23.96)                              | 63.05               | 10.89                       | (4.38)                   | 2,008.68           |

For Shah Khandelwal Jain & Associates  
ICAI Firm Registration Number: 142740W  
Chartered Accountants

For and on behalf of the Board of Directors  
ESDS Software Solution Limited

CIN : U72200MH2005PLC155433

Sd/-

Ashish Khandelwal

Partner

Membership No.: 049278

Place : Pune

Date : 05/09/2023

Sd/-

Piyush Somani

Chairman and Managing Director

DIN :02357582

Place: Nashik

Date : 05/09/2023

Sd/-

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Whole Time Director

DIN: 08477154

Place: Nashik

Date : 05/09/2023

Sd/-

Nadukuru Sita Ramaiah

Chief financial officer

Place: Nashik

Date : 05/09/2023

Sd/-

Prasad Deokar

Company Secretary and Compliance officer

Membership No.: A34350

Place: Nashik

Date : 05/09/2023

## **1. Corporate information**

The Consolidated Financial Statements comprise financial statements of “ESDS Software Solution Limited” (“the Holding Company” or “The Company”) and its subsidiaries (collectively referred to as “the Group”) for the year ended March 31, 2023. [Refer note 40.a]

The Group is primarily engaged in providing IT enabled services (web hosting services, technical support services, data centre setup and consulting services) and supply of IT enabled products closely connected with the rendering of the IT enabled services.

The Company has its registered office in Nashik and runs its business operations in four cities Nashik, Mumbai and Bengaluru and Mohali.

## **2. Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of ESDS Software Solution Limited (the ‘Company’) and its subsidiaries. [Refer note 40.a]

### **2.1 Basis of accounting preparation and presentation**

#### **(i) Compliance with Ind AS**

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

#### **(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell; and
- Defined benefit plans – plan assets measured at fair value;

The financial statements are presented in “INR” and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

#### **(iii) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Group is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of products and the time between the acquisitions of assets for processing and their realization in cash and cash equivalents, the group has ascertained operating cycle of 12 months for the purpose of current and non-current classification of assets and liabilities.

## **2.2 Principles of consolidation and equity accounting**

### **i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

The financial statements of the subsidiaries have been drawn up to the same reporting date as that of the parent company.

### **ii) Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity [refer note 40.b]

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### **iii) Foreign currency translation**

#### **a) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

#### **b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the average exchange rates during the year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences arising on foreign currency borrowings are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as at FVOCI are recognised in other comprehensive income.

#### **c) Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the functional currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### **iv) Segmented reporting:**

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The group is engaged in the business of "design, development, installation and servicing of information technology related resource which is a single business segment since these are subject to similar risk and returns. Accordingly, Information technology related resource service comprises the primary basis of segmental information as set out in these financial statement, which therefore reflects the information required by Ind AS 108 - Segment Reporting, with respect to primary segment.

Since the entire group's business is design, development, installation and servicing of information technology related resource, there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total

carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as reflected in the Financial Statements as at and for the year ended March 31, 2023.

**v) Cash flow statement**

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Group.

**2.3 Property, plant and equipment**

**Initial recognition**

All items of property, plant and equipment (including capital work-in-progress) are measured at its cost.  
The cost of an item of property, plant and equipment comprises:

- (a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- (b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

**Measurement after recognition**

The Group has elected revaluation model for measurement of land and building whose fair value can be measured reliably at each reporting period.

**(a) Revaluation model for certain class of property, plant and equipment**

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each period, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation reserve to retained earnings.

**(b) Cost model for other class of assets**

All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

| Type of asset                         | Useful life w.e.f April 2021 (in years)* | Useful life till March 2020 (in years) |
|---------------------------------------|--|--|
| Office building                       | 60                                       | 60                                     |
| Computers and data centre equipment's | 3/4/5/6/10/15                            | 5/6                                    |
| Office equipment                      | 3/4/5/8/10/15/20                         | 5                                      |
| Furniture and fittings                | 10                                       | 10                                     |
| Vehicles                              | 8  | 8                                      |

\*The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The change in useful life is a change in estimate as per Ind AS 8, Ind AS 16 and the impact of the same on depreciation and resultant carrying amount has been applied prospectively.

**2.4 Intangible assets (including intangible assets under development)**

**Software:**

Intangible assets are recognized at cost. Intangible assets are amortised on a straight line basis over the estimated useful economic life so as to reflect the pattern in which the assets economic benefits are consumed.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Following summarizes the nature of intangible and the estimated useful life:

| Asset    | Useful life (in years) |
|----------|------------------------|
| Software | 10 and 3               |

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized.

## **2.5 Leases**

### **As a lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the group under residual value guarantees
- The exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and

- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## **2.6 Trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

## **2.7 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **2.8 Unbilled revenue**

Unbilled revenue are recognised when there is excess of revenue earned over billings on contracts. Unbilled revenue are classified as financial asset, when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Invoicing to the clients for other fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customer. Therefore, unbilled revenue for other fixed price

contracts are classified as non-financial asset because the right to consideration is dependent on completion of contractual milestones.

## **2.9 Contract Fulfilment Cost**

The Company recognizes contract fulfilment cost as an asset if those cost specifically relate to a contract or to an anticipated contract, the cost generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognized is charged to profit and loss, whenever the performance obligation in relation to this asset is satisfied.

## **2.10 Other financial assets**

### **(i) Classification**

The group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

### **(ii) Recognition**

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the group commits to purchase or sale the financial asset.

### **(iii) Measurement**

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## **Debt instruments**

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in Other Income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/ (losses). Impairment losses are presented as separate line item in the statement of profit and loss.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in statement of profit and loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

### **Equity instruments**

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### **Impairment of financial assets**

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer Note 35 for details stating how the group determines whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **De-recognition of financial assets**

A financial asset is derecognised only when

- The group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **2.11 Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### **Minimum Alternate Tax**

Ind AS 12 defines deferred tax to include carry forward of unused tax credits. MAT credits are in the form of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement should be grouped with deferred tax asset (net) in the Balance Sheet, and a separate note should be provided specifying the nature and amount of MAT credit included as part of deferred tax assets.

#### **2.12 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a compulsorily convertible preference is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion

or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## **2.13 Employee benefit obligations**

### **Post-employment obligations**

The group operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity; and
- (b) Defined contribution plans such as provident fund.

### **Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

### **Defined contribution plans**

The group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

## **2.14 Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within the agreed credit days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## **2.15 Unearned revenue**

Unearned revenue relates to billing done for services/ performance obligations which have not been performed as on the date of reporting. These billings are as per the terms of the contract with customers.

## **2.16 Revenue from contracts with Customers**

Ind AS 115 Revenue from contracts with customers has been issued with effect from April 1, 2018. The new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

A new five-step process must be applied before revenue can be recognised:

- (i) Identify contracts with customers
- (ii) Identify the separate performance obligation
- (iii) Determine the transaction price of the contract
- (iv) Allocate the transaction price to each of the separate performance obligations, and
- (v) Recognise the revenue as each performance obligation is satisfied.

### **Revenue recognition policy**

The Group has following streams of revenue:

- (i) Revenue from sale of services
- (ii) Revenue from sale of products

The Group accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenue from the sale of goods is recognized at the point in time when control is transferred to the customer - based on delivery terms, payment terms, customer acceptance and other indicators of control as mentioned above.

The Group recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from contract with customers is recognized when the Group satisfies performance obligations by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the group as part of the contract. The "transaction price" as the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Accumulated experience is used to estimate and provide for the discounts/right of the return, using the expected value method.

The Group assesses for the timing of revenue recognition in case of each distinct performance obligation. The Group first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

- (a) The customer simultaneously consumes the benefits as the Group performs, or
- (b) The customer controls the work-in-progress, or
- (c) The Group's performance does not create an asset with alternative use to the Group and the Group has right to payment for performance completed till date

If none of the criteria above are met, the Group recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of

ownership are transferred to the customer. Apart from this, the Group also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

#### **Rendering of services (Turnkey revenue and Webhosting revenue)**

The Group provides hosting services, design, and implementation and support services under fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered based on usage. For fixed-price contracts, revenue is recognised based on the actual service provided to the customer till the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual man hours spent relative to the total expected man hours. Some contracts (Especially in case of Turnkey projects) include multiple deliverables, such as the sale of hardware and related installation services.

However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes a usage based fee, revenue is recognised in the amount to which group has right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

#### **(ii) Sale of products**

Revenue from the sale of goods in the course of ordinary activities is recognised when property in the goods or significant risks and rewards of their ownership are transferred to the customer and significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of Goods and service tax and is net of discounts.

#### **2.17 Interest income**

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

#### **2.18 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

## **2.19 Share-based payments**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 36.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## **2.20 Earnings per share**

### **(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the period, adjusted for bonus elements in equity shares issued during the period and excluding treasury shares [refer note 30]

### **(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**ESDS Software Solution Limited**  
**Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023**  
*(All amounts are in Rupees Millions, unless otherwise stated)*

**3 Property, plant and equipment**

| Particulars  | Land         | Leasehold land improvements | Buildings     | Computer and data centre equipment | Office equipments | Furniture & fixture | Vehicles     | Total           |
|--|--------------|-----------------------------|---------------|------------------------------------|-------------------|---------------------|--------------|-----------------|
| <b>Opening gross carrying amount as on April 1, 2021</b>     | <b>65.67</b> | <b>53.19</b>                | <b>110.51</b> | <b>1,804.77</b>                    | <b>440.21</b>     | <b>67.61</b>        | <b>32.46</b> | <b>2,574.42</b> |
| Additions during the year                                    | -            | -                           | 0.13          | 223.49                             | 9.21              | 1.57                | -            | <b>234.38</b>   |
| Disposals during the year*                                   | -            | -                           | -             | -                                  | -                 | -                   | -            | <b>(0.01)</b>   |
| <b>Gross carrying amount as on March 31, 2022</b>            | <b>65.67</b> | <b>53.19</b>                | <b>110.64</b> | <b>2,028.25</b>                    | <b>449.41</b>     | <b>69.18</b>        | <b>32.46</b> | <b>2,808.80</b> |
| <b>Accumulated depreciation till April 1,2021</b>            | <b>1.11</b>  | <b>1.86</b>                 | <b>3.38</b>   | <b>386.77</b>                      | <b>90.00</b>      | <b>12.30</b>        | <b>8.72</b>  | <b>504.14</b>   |
| Charge for the year  | 0.73         | 0.93                        | 2.14          | 164.79                             | 53.88             | 7.10                | 4.15         | 233.73          |
| Impairment of assets**                                       | -            | -                           | -             | 13.62                              | 13.99             | -                   | -            | <b>27.60</b>    |
| Accumulated depreciation on disposals during the year        | -            | -                           | -             | -                                  | -                 | -                   | -            | -               |
| <b>Closing accumulated depreciation as at March 31, 2022</b> | <b>1.84</b>  | <b>2.79</b>                 | <b>5.52</b>   | <b>565.18</b>                      | <b>157.87</b>     | <b>19.40</b>        | <b>12.87</b> | <b>765.47</b>   |
| <b>Net carrying amount as on March 31, 2022</b>              | <b>63.83</b> | <b>50.40</b>                | <b>105.12</b> | <b>1,463.07</b>                    | <b>291.55</b>     | <b>49.78</b>        | <b>19.59</b> | <b>2,043.32</b> |

| Particulars  | Land         | Leasehold land improvements | Buildings     | Computer and data centre equipment | Office equipments | Furniture & fixture | Vehicles     | Total           |
|--|--------------|-----------------------------|---------------|------------------------------------|-------------------|---------------------|--------------|-----------------|
| <b>Opening gross carrying amount as on April 1, 2022</b>     | <b>65.67</b> | <b>53.19</b>                | <b>110.64</b> | <b>2,028.25</b>                    | <b>449.41</b>     | <b>69.18</b>        | <b>32.46</b> | <b>2,808.80</b> |
| Additions during the year                                    | -            | -                           | -             | 224.39                             | 3.19              | 0.98                | 2.27         | <b>230.83</b>   |
| Disposals during the year*                                   | -            | -                           | -             | -                                  | -                 | -                   | (0.74)       | <b>(0.74)</b>   |
| <b>Gross carrying amount as on March 31, 2023</b>            | <b>65.67</b> | <b>53.19</b>                | <b>110.64</b> | <b>2,252.64</b>                    | <b>452.61</b>     | <b>70.15</b>        | <b>33.99</b> | <b>3,038.89</b> |
| <b>Accumulated depreciation till April 1,2022</b>            | <b>1.84</b>  | <b>2.79</b>                 | <b>5.52</b>   | <b>565.18</b>                      | <b>157.87</b>     | <b>19.40</b>        | <b>12.87</b> | <b>765.47</b>   |
| Charge for the year  | 0.73         | 0.93                        | 2.14          | 191.56                             | 61.36             | 7.21                | 4.15         | <b>268.10</b>   |
| Impairment of assets**                                       | -            | -                           | -             | 20.05                              | 18.15             | -                   | -            | <b>38.21</b>    |
| Accumulated depreciation on disposals during the year        | -            | -                           | -             | -                                  | -                 | -                   | (0.35)       | <b>(0.35)</b>   |
| <b>Closing accumulated depreciation as at March 31, 2023</b> | <b>2.57</b>  | <b>3.72</b>                 | <b>7.66</b>   | <b>776.80</b>                      | <b>237.39</b>     | <b>26.61</b>        | <b>16.67</b> | <b>1,071.42</b> |
| <b>Net carrying amount as on March 31, 2023</b>              | <b>63.10</b> | <b>49.46</b>                | <b>102.98</b> | <b>1,475.85</b>                    | <b>215.22</b>     | <b>43.54</b>        | <b>17.32</b> | <b>1,967.48</b> |

\*\*As per Ind As 36 - Impairment of assets, during the current year impairment testing for assets pertaining to locations outside India has been done by the management. Management believes that there were significant changes which had an adverse effect due to political environment in that foreign country to which the assets are dedicated. The management has estimated that none of these assets are recoverable as on date, hence, decided to impair the assets to the extent of non-recoverable amount.

For all items of property, plant and equipment, the Company has elected to continue with the carrying value as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and have used that as deemed costs.

Refer note no. 16 Footnote to borrowings for information on property, plant and equipment pledged as security by the Company.

**ESDS Software Solution Limited****Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023***(All amounts are in Rupees millions, unless otherwise stated)***4 Right to use Asset**

Following are the changes in the carrying value of right of use assets for the Year ended March 31, 2023

| Particulars                     | Premises      | Server        | Amount        |
|---------------------------------|---------------|---------------|---------------|
| <b>Balance as on April 2021</b> | <b>570.12</b> | <b>424.90</b> | <b>995.01</b> |
| Addition                        | 1.30          | -             | 1.30          |
| Amortisation                    | 94.17         | 51.24         | 145.41        |
| <b>Balance as on March 2022</b> | <b>477.25</b> | <b>373.66</b> | <b>850.90</b> |
| Addition                        | 92.88         | -             | 92.88         |
| Modification/Rectification      | 6.37          | 4.50          | 10.87         |
| Amortisation                    | 70.97         | 52.95         | 123.93        |
| <b>Balance as on March 2023</b> | <b>505.52</b> | <b>325.21</b> | <b>830.73</b> |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities :

**Lease liabilities**

| Particulars  | March 31, 2023 | March 31, 2022 |
|--------------|----------------|----------------|
| Non-current  | 558.70         | 608.31         |
| Current      | 145.20         | 205.00         |
| <b>Total</b> | <b>703.90</b>  | <b>813.31</b>  |

Details Regarding contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis are as follows :

| Particulars          | March 31,2023 | March 31, 2022  |
|----------------------|---------------|-----------------|
| Less than One year   | 201.77        | 271.51          |
| One to Five years    | 461.53        | 484.76          |
| More than Five years | 292.03        | 334.35          |
| <b>Total</b>         | <b>955.33</b> | <b>1,090.61</b> |

**ESDS Software Solution Limited**

**Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023**

*(All amounts are in Rupees millions, unless otherwise stated)*

**5 Capital Work in Progress**

| <b>Particulars</b>                                       | <b>Capital work-in-progress</b> |
|--|---------------------------------|
| <b>Opening gross carrying amount as on April 1, 2021</b> | 3.70                            |
| Additions  | 0.70                            |
| Disposals  | 3.70                            |
| <b>Gross carrying amount as on March 31, 2022</b>        | <b>0.70</b>                     |

| <b>Particulars</b>                                       | <b>Capital work-in-progress</b> |
|--|---------------------------------|
| <b>Opening gross carrying amount as on April 1, 2022</b> | 0.70                            |
| Additions  | -                               |
| Disposals  | 0.70                            |
| <b>Gross carrying amount as on March 31, 2023</b>        | <b>-</b>                        |

**Notes:**

Refer to note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**ESDS Software Solution Limited****Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023***(All amounts are in Rupees millions, unless otherwise stated)***6a Intangible assets**

| <b>Particulars</b>   | <b>Software</b> |
|--|-----------------|
| <b>Opening gross carrying amount as on April 1, 2021</b>     | <b>59.54</b>    |
| Additions during the year                                    | 62.05           |
| Add: Transfer from Intangible assets under development       | 83.20           |
| <b>Gross carrying amount as on March 31, 2022</b>            | <b>204.79</b>   |
| <b>Accumulated Amortisation</b>                              |                 |
| Balance as at April 1, 2021                                  | 17.48           |
| Amortisation charge for the year                             | 22.78           |
| Accumulated amortisation on disposals during the year        | -               |
| <b>Closing accumulated depreciation as at March 31, 2022</b> | <b>40.26</b>    |
| <b>Net carrying value as on March 31, 2022</b>               | <b>164.53</b>   |

| <b>Particulars</b>   | <b>Software</b> |
|--|-----------------|
| <b>Opening gross carrying amount as on April 1, 2022</b>     | <b>204.79</b>   |
| Additions during the period                                  | 6.45            |
| Add: Transfer from Intangible assets under development       | -               |
| <b>Gross carrying amount as on March 31, 2023</b>            | <b>211.24</b>   |
| <b>Accumulated Amortisation</b>                              |                 |
| Balance as at April 1, 2022                                  | 40.26           |
| Amortisation charge for the year                             | 61.26           |
| Accumulated amortisation on disposals during the year        | -               |
| <b>Closing accumulated depreciation as at March 31, 2023</b> | <b>101.51</b>   |
| <b>Net carrying value as on March 31, 2023</b>               | <b>109.73</b>   |

**ESDS Software Solution Limited**

**Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023**

*(All amounts are in Rupees millions, unless otherwise stated)*

**6b Intangible assets under development**

| <b>Particulars</b>                                       | <b>Intangible assets under development</b> |
|--|--|
| <b>Opening gross carrying amount as on April 1, 2021</b> | 46.94                                      |
| Additions  | 36.26                                      |
| Less :Transferred to Intangible assets                   | 83.20                                      |
| <b>Gross carrying amount as on March 31,2022</b>         | -  |
| <b>Opening gross carrying amount as on April 1, 2022</b> | -  |
| Additions  | -  |
| Less :Transferred to Intangible assets                   | -  |
| <b>Gross carrying amount as on March 31,2023</b>         | -  |

ESDS Software Solution Limited  
Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023  
(All amounts are in Rupees Millions, unless otherwise stated)

| Particulars                               |   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|---|-------------------------|-------------------------|
| <b>7.a Non-current financial assets</b>   |   |                         |                         |
|   | Term deposits with maturity more than 12 months from reporting date | 84.93                   | 153.70                  |
|   | Accrued interest on above deposits                                  | -                       | 0.50                    |
|   | Other receivables (TDS reimbursements)                              | 1.94                    | -                       |
|   | Security deposits   | 59.75                   | 51.83                   |
|   | <b>Total non-current financial assets</b>                           | <b>146.61</b>           | <b>206.03</b>           |
| <b>7.b Other current financial assets</b> |   |                         |                         |
|   | Security deposit  | 23.44                   | 33.79                   |
|   | Other loans and advances  | 17.14                   | 21.86                   |
|   | Less: Loss allowance  | (16.94)                 | (21.65)                 |
|   | Other receivables   | 29.06                   | 44.01                   |
|   | <b>Total other current financial assets</b>                         | <b>52.70</b>            | <b>78.01</b>            |

**8 Other non-current assets**

| Particulars |                                       | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-------------|---------------------------------------|-------------------------|-------------------------|
|             | Capital advances                      | 2.18                    | 11.48                   |
|             | Less: Loss allowance                  | -                       | (9.35)                  |
|             | <b>Total other non-current assets</b> | <b>2.18</b>             | <b>2.13</b>             |

**9a Trade receivables**

| Particulars |                                     | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-------------|-------------------------------------|-------------------------|-------------------------|
|             | Trade receivables                   | 736.67                  | 778.63                  |
|             | Less: Loss allowance                | (149.68)                | (124.45)                |
|             | Less: credit impaired               | (15.65)                 | (15.65)                 |
|             | <b>Total trade receivables</b>      | <b>571.34</b>           | <b>638.53</b>           |
|             | <b>Break-up of security details</b> |                         |                         |
|             | Trade receivables (unsecured)       |                         |                         |
|             | Considered good                     | 721.02                  | 762.98                  |
|             | Significant increase in credit risk | 15.65                   | 15.65                   |
|             | Less: Loss allowance                | (149.68)                | (124.45)                |
|             | Less: credit impaired               | (15.65)                 | (15.65)                 |
|             | <b>Total trade receivables</b>      | <b>571.34</b>           | <b>638.53</b>           |

\*For ageing schedule refer note no: 43

**9b Unbilled Receivable**

| Particulars |                               | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-------------|-------------------------------|-------------------------|-------------------------|
|             | Unbilled Revenue              | 314.07                  | 339.05                  |
|             | <b>Total Unbilled Revenue</b> | <b>314.07</b>           | <b>339.05</b>           |

**10 Cash and cash equivalents**

| Particulars |   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-------------|---|-------------------------|-------------------------|
|             | Balances with banks   | 98.47                   | 350.32                  |
|             | Cash on hand  | 0.29                    | 0.28                    |
|             | Term deposits with original maturity with less than 3 months        | 100.09                  |                         |
|             | Lien marked Term deposits with original maturity less than 3 months | (30.00)                 |                         |
|             | <b>Total cash and cash equivalents</b>                              | <b>168.86</b>           | <b>350.60</b>           |

#### 11 Other bank balances

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Term deposits with original maturity with more than 3 months but due within 12 months | 378.24                  | 146.39                  |
| Accrued Interest on above term deposits   | 1.45                    | -                       |
| <b>Earmarked balances with bank*</b>  |                         |                         |
| Lien marked Term deposits with original maturity less than 3 months                   | 30.00                   |                         |
| <b>Total other bank balances</b>  | <b>409.69</b>           | <b>146.39</b>           |

#### \* Earmarked balances with bank

The company holds term deposits with a total value of Rs. 563.26 millions as of the reporting date:

- Term deposits having original maturity of less than 3 months amounting to Rs. 100.09 millions out of which Rs. 30.00 millions have been liened against loans taken from bank. These Fixed deposits are not readily convertible into cash hence classified under other bank balances instead of cash and cash equivalents.

- Balance term deposits amounting to Rs. 463.16 millions out of which term deposits amounting to Rs. 442.38 millions have been liened against Bank guarantee and loans taken from bank.

This lien serves as a collateral to secure the repayment of borrowed funds. The liened term deposits classified as a restricted assets, reflecting their encumbrance and limited availability for other purposes.

#### 12 Income-tax assets

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Advance tax and tax deducted at source (net of provision) | 234.93                  | 163.70                  |
| <b>Total income-tax assets</b>                            | <b>234.93</b>           | <b>163.70</b>           |

#### 12.a Movement in income-tax assets

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Opening balance   | 163.70                  | 63.79                   |
| Tax charge during the year                                    | -                       | (4.46)                  |
| Tax charge in respect to earlier years                        |                         | 5.80                    |
| Refund of taxes   | 62.89                   |                         |
| Payment of advance tax/tax deducted at source during the year | 134.12                  | 98.57                   |
| <b>Closing balance</b>  | <b>234.93</b>           | <b>163.70</b>           |

#### 13 Other current assets

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Prepayments  | 135.78                  | 175.63                  |
| Advances to creditors  | 5.04                    | 13.91                   |
| Advances to employees  | 0.96                    | 1.83                    |
| Balances with statutory / government authorities                     | 9.32                    | 33.59                   |
| Share issue expenses (to the extent of not written off or adjusted)* | -                       | 16.48                   |
| Contract fulfillment costs**   | 33.23                   | -                       |
| <b>Total other current assets</b>                                    | <b>184.33</b>           | <b>241.43</b>           |

\*The Company has incurred share issue expenses of INR 74.39 million for a proposed Initial Public Offer of the shares of the Company through Decemeber 03, 2022 [one year anniversary after the regulatory approval of the DRHP] ( March 31, 2022: 53.28) in connection with proposed public offer of equity shares. In relation to the expenses incurred for the proposed Initial Public Offer, the selling shareholders had agreed that the expenses incurred by the Company till date (including any tax reimbursements) will be reimbursed to the extent of INR 25.62 million. The proposed public offer of equity shares is not completed and the company share of expenses have been written off to the profit and loss account (refer note no :29) and the amount to be borne by the selling shareholders has been reflected in Other receivables.

\*\*Company have procured liscenses and softwares from the vendor and delivered the same to its customer. However the installation of the same was pending as at 31st March 2023. As per para no 22 of IND AS 115, the revenue related to such software/liscenses can only be recognised when the installation is completed. Company have conformed with IND AS 115 and have parked it as "Unearned revenue" of INR 47.83 Mn in financial statements. The cost incurred on procurement of such liscense/softwares is shown under current asset as "Contract Fulfillment costs" of INR 33.23 Mn as revenue against the liscenses/softwares will be recognised only when the installation is complete.

14 Equity share capital

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Authorised share capital:</b>  |                         |                         |
| 11,50,00,000 (2022 : 11,50,00,000) equity shares of Rs 1 each**                           | 115.00                  | 115.00                  |
| 31,50,000 (2022: 31,50,000) 0.01% compulsory convertible preference shares of Rs 100 each | 315.00                  | 315.00                  |
| 2,00,000 (2022:2,00,000) 16% compulsory convertible preference shares of Rs 100 each      | 20.00                   | 20.00                   |
| 10,00,000 (2022: 10,00,000 ) 0.01% compulsory convertible preference shares of Rs 10 each | 10.00                   | 10.00                   |
| <b>Total</b>  | <b>460.00</b>           | <b>460.00</b>           |
| <b>Issued, subscribed and paid up :</b>   |                         |                         |
| Equity share capital  |                         |                         |
| 9,28,94,185 (2022: 9,15,71,685 equity shares of Rs 1 each fully paid up***)               | 92.89                   | 91.57                   |
| <b>Total</b>  | <b>92.89</b>            | <b>91.57</b>            |

\*\*Pursuant to a resolution of the Shareholders passed in the extraordinary general meeting held on July 26, 2021, each fully paid up equity share of the Company of face value ₹10 was sub-divided into 10 Equity Shares of face value of ₹ 1 each. Accordingly, the cumulative number of equity shares of the Company was changed from 5,222,100 equity shares of ₹ 10 each to 52,221,000 Equity Shares of ₹ 1 each.

\*\*\*Pursuant to a resolution of the Board of Directors passed in the Board Meeting held on December 03,2021 following class of compulsory convertible preference shares and compulsory convertible debentures are converted into equity shares of the company.

| Securities held prior to conversion |                      |            | Equity shares allotted on conversion |                      |            |
|-------------------------------------|----------------------|------------|--------------------------------------|----------------------|------------|
| Security Name                       | Number of Securities | Face Value | Security Name                        | Number of Securities | Face Value |
| CCCPS                               | 23,51,477            | 100.00     | Equity Shares                        | 2,35,14,770          | 1.00       |
| Class A CCPS                        | 5,67,866             | 100.00     | Equity Shares                        | 66,92,157            | 1.00       |
| CCD                                 | 4,61,934             | 479.00     | Equity Shares                        | 11,39,908            | 1.00       |
| Class B1 CCPS                       | 1,62,842             | 100.00     | Equity Shares                        | 3,25,920             | 1.00       |
| Class C CCPS                        | 6,77,930             | 10.00      | Equity Shares                        | 6,77,930             | 1.00       |

\*\*\*Pursuant to a resolution of the Board of Directors passed in the Board Meeting held on December 03,2021 ,the board of directors of the company accorded to offer,issue and allot 70,00,000 equity shares of the company by way of right issue having face value of Rs 1 each to its existing equity shareholders as on date.

| Sr No        | Share Holders                          | Equity shares offered |
|--------------|--|-----------------------|
| 1            | Piyush Somani                          | 20,52,696             |
| 2            | Sarla Somani                           | 1,53,122              |
| 3            | PO Somani Family Trust                 | 17,17,478             |
| 4            | Prajakta Jadhav                        | 1                     |
| 5            | Komal Somani                           | 1                     |
| 6            | Pooja Somani                           | 1                     |
| 7            | ESOP Trust                             | 1,82,094              |
| 8            | South Asia Growth Fund II LP           | 15,83,506             |
| 9            | South Asia Growth Fund II Holdings LLC | 7,26,668              |
| 10           | GEF ESDS Partners LLC                  | 5,79,753              |
| 11           | South Asia EBT Trust                   | 4,680                 |
| <b>Total</b> |  | <b>70,00,000</b>      |

(i) Reconciliation of number of equity shares issued, subscribed and paid up

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Shares outstanding at the beginning of the Year                                  | 9,15,71,685             | 52,22,100               |
| Split of shares from face value Rs.10 to Re.1                                    |                         | 5,22,21,000             |
| Add: Conversion of 0.01% compulsory convertible preference shares of Rs 100 each | -                       | 2,35,14,770             |
| :Conversion of 16% compulsory convertible preference shares of Rs 100 each       | -                       | 70,18,077               |
| :Conversion of 0.01% compulsory convertible preference shares of Rs 10 each      | -                       | 6,77,930                |
| :Conversion of Compulsory Convertible Debentures                                 | -                       | 11,39,908               |
| :Right Issues of Equity Shares   | -                       | 70,00,000               |
| :Fresh issue*  | 13,22,500               | -                       |
| <b>Shares outstanding at the end of the Year</b>                                 | <b>9,28,94,185</b>      | <b>9,15,71,685</b>      |

\*The holding Company have opened a Pre-IPO placement for its equity shares of 26,81,818 out of which shares application money for 13,63,637 shares have been received as at 31st March 2022 having face value of Rs.1 and premium of Rs.219. However on 06th May 2022 company have decided to withdraw the pre-ipo placement and refund the money to the subscribers. On 12th May 2022 company have opened a new pre-Ipo placement offer and completed the offer by issuing 13,22,500 shares to the shareholders having face value of Rs 1 and premium of Rs 219.

**ESDS Software Solution Limited**  
**Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023**  
*(All amounts are in Rupees millions, unless otherwise stated)*  
**(ii) Reconciliation of equity share capital issued, subscribed and paid up**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Equity share capital outstanding at the beginning of the Year                    | 91.57                   | 52.22                   |
| Add: Conversion of 0.01% compulsory convertible preference shares of Rs 100 each | -                       | 23.51                   |
| :Conversion of 16% compulsory convertible preference shares of Rs 100 each       | -                       | 7.02                    |
| :Conversion of 0.01% compulsory convertible preference shares of Rs 10 each      | -                       | 0.68                    |
| :Conversion of Compulsory Convertible Debentures                                 | -                       | 1.14                    |
| :Right Issues of Equity Shares   | -                       | 7.00                    |
| : Fresh issue  | 1.32                    |                         |
| <b>Equity share capital outstanding at the end of the Year</b>                   | <b>92.89</b>            | <b>91.57</b>            |

**(iii) Terms/ rights attached to equity shares**

The equity shares referred to as 'Ordinary equity shares' have a par value of Rs. 1 each. All Ordinary equity shares rank equally with regard to dividend and share in the Company's residual assets. Equity shares are entitled to receive dividend declared from time to time subject to payment of dividend to preference shareholders. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all

**(iv) Details of shareholders holding more than 5% equity shares is set out below**

| Name of the shareholder                | As at March , 2023 |                    | As at March , 2022 |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | % holding          | No. of shares      | % holding          | No. of shares      |
| Piyush Somani                          | 28.91%             | 2,68,52,696        | 29.32%             | 2,68,52,696        |
| PO Somani Family Trust                 | 24.19%             | 2,24,67,478        | 24.54%             | 2,24,67,478.00     |
| Sarla Somani                           | 2.02%              | 18,74,910          | 2.07%              | 18,97,637          |
| SAGF II Holdings LLC                   | 10.23%             | 95,06,036          | 10.38%             | 95,06,036          |
| South Asia Growth Fund II, L.P. (SAGF) | 22.30%             | 2,07,14,896        | 22.62%             | 2,07,14,896        |
| GEF ESDS Partners, L.L.C. (GEPL)       | 8.16%              | 75,84,133          | 8.28%              | 75,84,133          |
| EsdS Employee Benfit Trust             | 2.56%              | 23,82,094          | 2.60%              | 23,82,094          |
| <b>Total number of shares</b>          |                    | <b>9,28,94,185</b> |                    | <b>9,15,71,685</b> |

**(v) Details of shareholding of promoters is set out below**

| Shares held by promoters at the end of the Year |               |                   |                          |
|---|---------------|-------------------|--------------------------|
| Promoter Name                                   | No. of shares | % of total shares | % change during the year |
| Piyush Somani                                   | 2,68,52,696   | 28.91%            | -0.42%                   |

(vi) Aggregate number of bonus shares issued during the Year of five years immediately preceding the reporting date: Nil

15 Other equity

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
|  | -                       | -                       |
| <b>I. Reserves and surplus</b>   |                         |                         |
| Retained earnings  | 180.39                  | 448.98                  |
| Securities premium   | 1,704.10                | 1,414.48                |
| Capital redemption reserve   | 3.58                    | 3.58                    |
| Debenture redemption reserve   | 75.00                   | 30.00                   |
| <b>Total reserves and surplus</b>  | <b>1,963.07</b>         | <b>1,897.04</b>         |
| <b>(i) Retained earnings</b>   |                         |                         |
| Opening balance  | 448.98                  | 502.76                  |
| Profit for the Year attributable to shareholders of the company  | (224.53)                | (27.24)                 |
| Other comprehensive income attributable to shareholders of the company   | (0.19)                  | 2.34                    |
| Add/Less:  |                         |                         |
| Shares in reserves and surplus of minority   |                         |                         |
| Transfer to debenture redemption reserve   | (45.00)                 | (30.00)                 |
| Adjustment of additional depreciation on increase in carrying value due to fair valuation  | 1.12                    | 1.12                    |
| <b>Total retained earnings</b>   | <b>180.39</b>           | <b>448.98</b>           |
| <b>(ii) Securities premium</b>   |                         |                         |
| Opening balance  | 1,414.48                | 6.85                    |
| Add: Premium on issue of equity shares   | 289.63                  |                         |
| Add: on account of conversion of preference shares   |                         | 1,407.63                |
| <b>Total securities premium</b>  | <b>1,704.10</b>         | <b>1,414.48</b>         |
| <b>(iii) Capital redemption reserve</b>  |                         |                         |
| Opening balance  | 3.58                    | 3.58                    |
| Add: Transfer from retained earnings   | -                       | -                       |
| <b>Total capital redemption reserve</b>  | <b>3.58</b>             | <b>3.58</b>             |
| <b>(iv) Debenture redemption reserve</b>   |                         |                         |
| Opening balance  | 30.00                   | -                       |
| Add: Transfer from retained earnings   | 45.00                   | 30.00                   |
| <b>Total debenture redemption reserve</b>  | <b>75.00</b>            | <b>30.00</b>            |
| <b>III. Other reserves</b>   |                         |                         |
| <b>i) Foreign currency translation reserve</b>   |                         |                         |
| Opening balance  | ( 1.17)                 | 0.25                    |
| Add : Currency translation adjustments for subsidiaries  | (22.79)                 | (1.42)                  |
| <b>Total foreign currency translation reserve</b>  | <b>(23.97)</b>          | <b>(1.17)</b>           |
| <b>ii) Revaluation reserve</b>   |                         |                         |
| Opening balance  | 64.16                   | 65.28                   |
| Less: adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings | (1.12)                  | (1.12)                  |
| <b>Total revaluation reserve</b>   | <b>63.04</b>            | <b>64.16</b>            |
| <b>(ii) Share based payment reserve</b>  |                         |                         |
| Opening balance  | 5.45                    | -                       |
| Expense recognized for the year  | 5.44                    | 5.45                    |
| Transfer to securities premium account on exercise of stock options  | -                       | -                       |
| Transfer to statement of profit and loss on account of forfeiture of vested stock options  | -                       | -                       |
| <b>Total share based payment reserve</b>   | <b>10.89</b>            | <b>5.45</b>             |
| <b>Total other reserves</b>  | <b>49.96</b>            | <b>68.44</b>            |
| <b>Total equity</b>  | <b>2,013.04</b>         | <b>1,965.48</b>         |

**I) Reconciliation of compound financial instruments**

**(i) Reconciliation of number compulsory convertible preference shares outstanding at the beginning and at the end of the Year**

| Particulars                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>            |                         |                         |
| Shares outstanding at the beginning of the Year  | -                       | 23,51,477               |
| Shares issued during the Year                    |                         |                         |
| Conversion of preference shares                  | -                       | 23,51,477               |
| <b>Shares outstanding at the end of the Year</b> | -                       | -                       |

**(ii) Reconciliation of compulsory convertible preference shares (class A ) outstanding at the beginning and at the end of the Year**

| Particulars                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>            |                         |                         |
| Shares outstanding at the beginning of the Year  | -                       | 5,67,866                |
| Shares issued during the Year                    |                         |                         |
| Conversion of preference shares                  | -                       | 5,67,866                |
| <b>Shares outstanding at the end of the Year</b> | -                       | -                       |

**(iii) Reconciliation of compulsory convertible preference shares (class B1 ) outstanding at the beginning and at the end of the Year**

| Particulars                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>            |                         |                         |
| Shares outstanding at the beginning of the Year  | -                       | 1,62,842.00             |
| Shares issued during the Year                    |                         |                         |
| Conversion of preference shares                  | -                       | 1,62,842.00             |
| <b>Shares outstanding at the end of the Year</b> | -                       | -                       |

**(iv) Reconciliation of compulsory convertible preference shares (class C ) outstanding at the beginning and at the end of the Year**

| Particulars                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>            |                         |                         |
| Shares outstanding at the beginning of the Year  |                         | -                       |
| Shares issued during the Year                    |                         | 6,77,930                |
| Conversion of preference shares                  |                         | 6,77,930                |
| <b>Shares outstanding at the end of the Year</b> | -                       | -                       |

**(v) Reconciliation of compulsory convertible debtneures outstanding at the beginning and at the end of the Year**

| Particulars                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Issued, subscribed and paid up</b>            |                         |                         |
| Shares outstanding at the beginning of the Year  | -                       | 4,61,934.00             |
| Shares issued during the Year                    |                         |                         |
| Conversion of CCD                                | -                       | 4,61,934.00             |
| <b>Shares outstanding at the end of the Year</b> | -                       | -                       |

**II) Nature and purpose of reserves**

**a) Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**b) Capital Redemption Reserve**

Capital Redemption reserve is created on account of redemption of shares. These reserve is utilized in accordance with the provisions of the Companies Act, 2013

**c) Debenture Redemption Reserve**

Debenture redemption reserve have been created at 10% of the value of the outstanding non-convertible debentures. Company needs to invest/deposit into Debenture Redemption Fund Investment account at 15% of the amount to be redeemed if any in next financial year.

**d) Foreign currency translation reserve**

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

**e) Revaluation Reserve**

Revaluation reserve have been created on account of revaluation of land and building, adjusted with additional depreciaiton and taxes on the same.

**f) Share based payment reserve**

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option

16.a Non-current borrowings

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Secured Non-Convertible Debentures</b>            |                         |                         |
| 300 Non Convertible Debentures (FV=10,00,000 each)*  | -                       | 300.00                  |
| 750 Non Convertible Debentures (FV=10,00,000 each)** | 750.00                  | -                       |
| Add:Accrued amount                                   | 17.88                   | -                       |
| <b>Secured:</b>                                      |                         |                         |
| Term loans   |                         |                         |
| From banks   | 307.57                  | 464.49                  |
| From financial institutions                          | 70.55                   | 148.80                  |
| Vehicle loans from banks                             | 9.32                    | 10.25                   |
| <b>Unsecured:</b>                                    |                         |                         |
| Term loans   |                         |                         |
| From financial institutions                          | -                       | 3.65                    |
| <b>Total</b>   | <b>1,155.33</b>         | <b>927.18</b>           |
| Less : Current maturities of long term debts         | (225.53)                | (271.30)                |
| <b>Total non - current borrowings</b>                | <b>929.80</b>           | <b>655.88</b>           |

\*\*Company have issued 750 Unlisted,secured,redmable, Non Convertible Debentures having face value of 10,00,000 each to Piramal Structred Credit Opportunites Fund in October 2022 till the final redemption date i.e the date which is 84 months from the effective date or the date on which all the Debenture secured obligation are fully paid. Coupon shall be 10% per annum compounded and payable monthly on and from the closing date until the debenture final settlement date.The company have agreed to meet the investor return which shall be equivalent to 15.5% p.a for the first two years and 15% thereafter until the debenture final settlement date. (refer footnote 16.6 for security details)  
Accrued amount shall mean the difference between Investor return and coupon paid for initial period of 24 months from the closing date.

\*On 05th January 2022,Company have issued 300 Non-Convertible Debentures of Face Value of Rs.10,00,000 each for Rs.300 millions at 12% p.a redemable within 13 months from date of issue.However company have fully repaid the Non-Convertible debentures on 21st May 2022.

16.b Current borrowings

| Particulars                           | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Secured:</b>                       |                         |                         |
| Demand loans from banks               | 204.81                  | 178.00                  |
| Current maturities of long-term debts | 225.53                  | 271.30                  |
| <b>Unsecured:</b>                     |                         |                         |
| From Others                           | 288.16                  | 229.36                  |
| <b>Total current borrowings</b>       | <b>718.49</b>           | <b>678.66</b>           |

17.a Other current financial liabilities

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Capital creditors**   | 28.46                   | 152.58                  |
| Accrued employee liabilities  |                         |                         |
| Related parties [refer note 32]   | -                       | -                       |
| Others  | 16.76                   | 69.63                   |
| Interest accrued but not due on borrowings  | 0.60                    | 4.08                    |
| Other payables  | 11.56                   | 11.03                   |
| Application money received for allotment of securities to the extent refundable and interest accrued thereon^ | -                       | 300.00                  |
| <b>Total other current financial liabilities</b>  | <b>57.38</b>            | <b>537.31</b>           |

\*\* Capital creditors are generally of current nature, but are considered to be non current wherever the group has unconditional right to defer the payment beyond 12 months from the reporting date.

^ Company have opened a Pre-IPO placement for its equity shares of 26,81,818 out of which shares application money for 13,63,637 shares have been received as at 31st March 2022 having face value of Rs.1 and premium of Rs.219.

18 Employee benefit obligations

| Particulars                          | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--------------------------------------|-------------------------|-------------------------|
| <b>Non-current</b>                   |                         |                         |
| Gratuity [refer note:34]             | 51.61                   | 44.40                   |
| Compensated absences                 | 39.45                   | 39.55                   |
| <b>Total non-current obligations</b> | <b>91.06</b>            | <b>83.97</b>            |
| <b>Current</b>                       |                         |                         |
| Gratuity [refer note 34]             | 1.59                    | 1.45                    |
| Compensated absences                 | 1.49                    | 1.64                    |
| <b>Total current obligations</b>     | <b>3.08</b>             | <b>3.09</b>             |

**Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a non funded plan and the Company makes gratuity payments to employees.

19 Trade payables

| Particulars                                 | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Trade payables</b>                       |                         |                         |
| Micro and small enterprises (refer note 38) | 59.78                   | 10.71                   |
| Related parties [refer note 33]             |                         |                         |
| Others                                      | 190.42                  | 232.02                  |
| Provision for expenses                      | 29.10                   | 21.92                   |
| <b>Total trade payables</b>                 | <b>279.30</b>           | <b>264.65</b>           |

Disclosure pursuant to Micro, Small & Medium Enterprises Development Act, 2006 for dues to micro, small & medium enterprises is as

| Sr.No. | Details of dues to micro and small enterprises as defined under the MSMED Act, 2006   | March 31, 2023 | March 31, 2022 |
|--------|---|----------------|----------------|
| 1      | Principal amount due to suppliers registered per the MSMED Act and remaining unpaid as at year end  | 59.78          | 10.71          |
| 2      | Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end  | 2.64           | -              |
| 3      | Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year   | -              | -              |
| 4      | Amount of interest due and payable for the period of delay in making payments but without adding interest specified under MSMED Act, 2006   | -              | -              |
| 5      | The amount of interest accrued and remaining unpaid at the end of year  | 2.64           | -              |
| 6      | Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006 | -              | -              |

20 Income-tax liabilities

| Particulars                                     | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Provision for income tax (net of advance taxes) | -                       | 0.26                    |
| <b>Total income-tax liabilities</b>             | <b>-</b>                | <b>0.26</b>             |

20.a Movement in income-tax liabilities

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Opening balance   | 0.26                    | 0.26                    |
| Tax charge during the year                                    | -                       | 0.26                    |
| Tax charge in respect to earlier years                        |                         |                         |
| Refund of taxes   |                         |                         |
| Payment of advance tax/tax deducted at source during the year | 0.26                    | 0.26                    |
| <b>Closing balance</b>  | <b>-</b>                | <b>0.26</b>             |

21 Other current liabilities

| Particulars                            | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Statutory liabilities                  | 21.52                   | 9.40                    |
| Advance from customers                 | 6.12                    | 7.43                    |
| Unearned revenue                       | 96.91                   | 82.45                   |
| Unpaid dividend on Preferences Shares  | 0.04                    | 0.04                    |
| <b>Total other current liabilities</b> | <b>124.59</b>           | <b>99.33</b>            |

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Footnotes to note 16,  
As at 31st March, 2023

| Sr. No | Name of the bank                   | Type of Facility       | O/s amount | Residual repayment term | Interest Rate                 | Security  |
|--------|------------------------------------|------------------------|------------|-------------------------|-------------------------------|---|
| 1      | Axis Bank Ltd.                     | Term Loans             | 258.82     | upto 3 years 9 months   | Ranging from 8.75% to 8.80%   | Primary – First pari pasu charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral –<br>1.First pari pasu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007<br>2.First pari pasu charged with Indusind INR 113.00 Mn<br>3.Exclusive charge on FD of Rs. 10Mn<br>Common Collateral (for all the facilities) - Pari Pasu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007<br>4.PG Piyush Somani & Sarla Somani  |
| 2      | Axis Bank Ltd.                     | Short Term Loans       | 157.36     | On demand               | 8.75%                         | Primary – First pari pasu charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral –<br>1. First pari pasu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007<br>2. First pari pasu charged with Indusind INR 113.00 Mn<br>3. Exclusive charge on FD of Rs. 10Mn<br>Common Collateral (for all the facilities) - Pari Pasu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007<br>4. Personal Guarantee of the Piyush Somani & Sarla Somani   |
| 3      | Clix Finance India Private Limited | Equipment Loan         | 6.26       | 8 months                | 12.50%                        | Primary: First and exclusive charge on the equipment financed by the lender.<br>Lien on Security Deposits of Rs 2.97 million  |
| 4      | SIDBI*                             | RLOC (Long Term Loans) | 7.86       | upto 1.5 years          | 10.60%                        | <b>Primary</b> – 1st charge by way of hypothecation on all the movables of the borrower including P&M, equipment, machinery spares, tools & accessories, office equipment, computers, furniture & fixtures, misc. fixed assets etc.<br><b>Collateral</b> – 1st charge in favours of SIDBI on cash flows generated from orders to be routed through designated escrow account<br><br>1st charge in favours of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept for meeting debt service during temporary instances of liquidity tightness.<br><br>Extension of 1st charge by way hypothecation in favour of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the company by SIDBI<br><br>1st charge on escrow account with minimum balance of at least 3 month’s debt servicing obligations to be retained. The amount will be used as first loss guarantee and SIDBI at its discretion, would set off over dues (if any) in respect of Interest/principal/FI/PI remaining unpaid<br><br>POA in favour of SIDBI for creation of residual charge in favour of SIDBI by way of mortgage on its office land & building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Satpur, Nashik – 422007. |
| 5      | Tata Capital Financial Services    | Equipment Loan         | 56.44      | upto 1.5 years          | Ranging from 10.25% to 12.00% | Primary: Plant and Machinery purchased out of Term Loan<br>Lien on Fixed Deposits of Rs 7.01 million  |

ESDS Software Solution Limited  
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(All amounts are in Rupees millions, unless otherwise stated)

|    |  |   |                 |                  |   |   |
|----|--|---|-----------------|------------------|---|---|
| 6  | Piramal Structured Credit Opportunities Fund | Non-Convertible Debentures (including accrued amount for IRR thereof) | 767.88          | 6 years 3 months | Coupon rate 10% p.a , IRR equivalent to 15.5% p.a for first 2 years and 15% there after | The Debenture Secured Obligations, in respect of the Debentures and the performance by the Issuer of its obligations in relation thereto, shall be secured by creation and perfection of the Security Interest in favour of the Debenture Trustee for the benefit of the Debenture Holders, in the following manner:<br>1. Second charge over all the immovable assets (present & future) of the Issuer<br>2. Second charge over all movable fixed assets (present & future) of the Issuer;<br>3. Second charge over all present and future movable assets of the Issuer (present and future);<br>4. Second charge over all current assets (present & future) of the Issuer;<br>5. Second charge on the cash flows of the Issuer, both present and future; and<br>6. Second charge over all the patented technology and patented products of the Issuer; and<br>7. Personal Guarantee of the Piyush Somani & Sarla Somani |
| 7  | Kotak Mahindra Prime Limited                 | Vehicle Loan  | 4.35            | upto 8 months    | 9.19%   | Primary: Vehicle Purchased out of Loan  |
| 8  | ICICI Bank Limited                           | Vehicle Loan  | 2.69            | 17 months        | 8.25%   | Primary: Vehicle Purchased out of Loan  |
| 9  | Indusind Bank Limited                        | Term Loans  | 48.75           | 3 years 3 months | 9.60%   | Primary:<br>1. DSRA for Term Loan equivalent to 5.5 Mn<br>2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank<br>3. First pari-pasu charge on entire movable fixed asset excluding those financed by Axis Bank<br>4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari pasu basis with Axis Bank excluding receivables charged to SIDBI<br>Collateral:<br>1. Land & building First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC,<br>2. First pari pasu charged with Indusind INR 113.00 Mn<br>3. Exclusive charge on FD of Rs. 25Mn<br>4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.<br>5. Personal Guarantee of the Piyush Somani & Sarla Somani                        |
| 10 | Indusind Bank Limited                        | Short Term Loans  | 47.45           | On demand        | 8.60%   | Primary:<br>1. DSRA for Term Loan equivalent to 5.5 Mn<br>2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank<br>3. First pari-pasu charge on entire movable fixed asset excluding those financed by Axis Bank<br>4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari pasu basis with Axis Bank excluding receivables charged to SIDBI<br>Collateral:<br>1. Land & building First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC,<br>2. First pari pasu charged with Indusind INR 113.00 Mn<br>3. Exclusive charge on FD of Rs. 25Mn<br>4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.<br>5. Personal Guarantee of the Piyush Somani & Sarla Somani                        |
| 11 | HDFC Bank Ltd                                | Vehicle Loan  | 2.28            | 42 months        | 8.30%   | Primary: Vehicle Purchased out of Loan  |
| 12 | South Asia Growth Fund II Holdings           | Unsecured Loan  | 288.16          |                  | 14.00%  | Corporate gurantee of holding company   |
|    |  |   | <b>1,648.29</b> |                  |   |   |

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| Sr. No | Name of the bank                   | Type of Facility | O/s amount | Residual repayment term | Interest Rate               | Security  |
|--------|------------------------------------|------------------|------------|-------------------------|-----------------------------|---|
| 1      | Axis Bank Ltd.                     | Term Loans       | 327.38     | upto 4 years 9 months   | Ranging from 8.75% to 8.80% | <p><b>Primary</b> – First hypothecation charge on entire movable fixed assets financed by Axis Bank Ltd. (both Present &amp; Future)</p> <p><b>Collateral</b> – Extension of First hypothecation charge on entire current assets of the company (both present &amp; future) on pari pasu basis with SBI, excluding receivables charged to SIDBI.</p> <p><b>Common Collateral (for all the facilities)</b> - Pari Pasu charge with SBI on – Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p><b>Additional Collateral (for all the facilities)</b> –<br/> DSRA of Rs. 4.71 million<br/> RD of Rs. 0.5 million per month<br/> FD of Rs. 25.00 million with bank’s lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)<br/> FD of Rs. 50.00 million with bank’s lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)<br/> Charge on patented technology and patented products of the company</p>   |
| 2      | Axis Bank Ltd.                     | Short Term Loans | 91.75      | On demand               | 8.75%                       | <p><b>Primary</b> - First hypothecation charge on entire current assets of the company (both present &amp; future) on pari pasu basis with SBI, excluding receivables charged to SIDBI.</p> <p><b>Collateral</b> – Extension of first hypothecation charge on entire movable fixed assets of the company financed by Axis Bank Ltd.</p> <p><b>Common Collateral (for all the facilities)</b> - Pari Pasu charge with SBI on – Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p><b>Additional Collateral (for all the facilities)</b> –<br/> DSRA of Rs. 4.71 million<br/> RD of Rs. 0.5 million per month<br/> FD of Rs. 25.00 million with bank’s lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)<br/> FD of Rs. 50.00 million with bank’s lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)<br/> Charge on patented technology and patented products of the company</p>  |
| 3      | State Bank of India                | Term Loans       | 73.42      | upto 3 years 2 months   | 10.20%                      | <p><b>Primary</b> - Exclusive charge by hypothecation of P&amp;M purchased out of SBI TL</p> <p><b>Collateral</b> - Extension of charge on hypothecation of all current assets of the company 1st pari pasu charge with Axis Bank Ltd. excluding receivables charged to SIDBI.</p> <p><b>Common Collateral</b> - Pari Pasu charge with Axis Bank Ltd. on – Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>1st pari pasu RD of Rs. 0.5 million per month<br/> 1st pari pasu on FD of Rs. 25.00 million with bank’s lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)<br/> 1st pari pasu on FD of Rs. 50.00 million with bank’s lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)<br/> Exclusive charge on FD of 0.25 Cr.</p>  |
| 4      | State Bank of India                | Short Term Loans | 36.25      | On demand               | 7.40%                       | <p><b>Primary</b> - Hypothecation charge on entire current assets of the company (both present &amp; future) on pari pasu basis with Axis Bank Ltd, excluding receivables charged to SIDBI.</p> <p><b>Collateral</b> - Extension of exclusive charge by hypothecation of plant &amp; machinery purchased out of SBI TL, for Bengaluru Data Centre and extension of 1st pari pasu charge by hypothecation of P&amp;M purchased out of the project financed from consortium TLs.</p> <p><b>Common Collateral</b> - Pari Pasu charge with Axis Bank Ltd. on – Industrial land &amp; building situated at Plot No. B-24 &amp; 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>1st pari pasu RD of Rs. 0.5 million per month<br/> 1st pari pasu on FD of Rs. 25.00 million with bank’s lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)<br/> 1st pari pasu on FD of Rs. 50.00 million with bank’s lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)<br/> Exclusive charge on FD of Rs. 2.5 million</p> |
| 5      | Clix Finance India Private Limited | Equipment Loan   | 13.96      | 20 months               | 12.50%                      | <p>Primary: First and exclusive charge on the equipment financed by the lender.<br/> Lien on Security Deposits of Rs 2.97 million</p>   |
| 6      | Hero Fincorp Ltd                   | Equipment Loan   | 11.32      | upto 9 months           | 12.00%                      | <p>Primary: Hypothecation lien marked on the assets being funded by Hero Fincorp Limited<br/> PG of Piyush Somani &amp; Sarla Somani</p>  |

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|    |                                    |                            |                 |                       |                               |   |
|----|------------------------------------|----------------------------|-----------------|-----------------------|-------------------------------|---|
| 7  | SIDBI*                             | RLOC (Long Term Loans)     | 18.85           | upto 2 years 6 months | 10.60%                        | <p><b>Primary</b> – 1st charge by way of hypothecation on all the movables of the borrower including P&amp;M, equipment, machinery spares, tools &amp; accessories, office equipment, computers, furniture &amp; fixtures, misc. fixed assets etc.</p> <p><b>Collateral</b> – 1st charge in favors of SIDBI on cash flows generated from orders to be routed through designated escrow account</p> <p>1st charge in favors of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept for meeting debt service during temporary instances of liquidity tightness.</p> <p>Extension of 1st charge by way hypothecation in favor of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the company by SIDBI</p> <p>1st charge on escrow account with minimum balance of at least 3 month's debt servicing obligations to be retained. The amount will be used as first loss guarantee and SIDBI at its discretion, would set off over dues (if any) in respect of Interest/principal/FI/PI remaining unpaid</p> <p>POA in favor of SIDBI for creation of residual charge in favor of SIDBI by way of mortgage on its office land &amp; building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Satpur, Nashik – 422007.</p> |
| 8  | Tata Capital Financial Services    | Equipment Loan             | 104.67          | upto 2 years 6 months | Ranging from 10.25% to 12.00% | <p>Primary: Plant and Machinery purchased out of Term Loan</p> <p>Lien on Fixed Deposits of Rs 7.01 million</p>   |
| 9  | IDFC First Bank                    | Equipment Loan             | 3.65            | 12 months             | 16.00%                        | Unsecured   |
| 10 | Axis Bank Ltd.                     | Auto Loan                  | 0.27            | 8 months              | 8.90%                         | Primary: Vehicle Purchased out of Loan  |
| 11 | Kotak Mahindra Prime Limited       | Auto Loan                  | 5.77            | upto 3 years 8 months | 9.19%                         | Primary: Vehicle Purchased out of Loan  |
| 12 | ICICI Bank Limited                 | Auto Loan                  | 4.21            | 31 months             | 8.25%                         | Primary: Vehicle Purchased out of Loan  |
| 13 | Indusind Bank Limited              | Term Loan                  | 63.94           | 4 years 3 months      | 9.60%                         | <p><b>Primary:</b> Current Assets - First hypothication charge on entire current assets of the company both present and future on pari pasu basis with SBI and Axis Bank excluding receivables charged to SIDBI</p> <p><b>Collateral: 1) Movable Fixed Assets</b> - First hypothication charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.</p> <p><b>2) Immovable Assets</b> - First pari-pasu charge on Industrial Land &amp; Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited &amp; SBI</p> <p><b>3) FDR/Cash Deposit</b> - First pari-pasu charge on FD of Rs. 5.00 Cr. with Axis Bank &amp; SBI</p> <p><b>4) Exclusive charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</b></p>   |
| 14 | Indusind Bank Limited              | Short Term Loan            | 50.00           | On demand             | 9.60%                         | <p><b>Primary:</b> Current Assets - First hypothication charge on entire current assets of the company both present and future on pari pasu basis with SBI and Axis Bank excluding receivables charged to SIDBI</p> <p><b>Collateral: 1) Movable Fixed Assets</b> - First hypothication charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.</p> <p><b>2) Immovable Assets</b> - First pari-pasu charge on Industrial Land &amp; Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited &amp; SBI</p> <p><b>3) FDR/Cash Deposit</b> - First pari-pasu charge on FD of Rs. 5.00 Cr. with Axis Bank &amp; SBI</p> <p><b>4) Exclusive charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</b></p>   |
| 15 | Axis AIF                           | Non-Convertible Debentures | 300.00          | 13 months             | 12%                           | <p>1.First and exclusive charge over Identified Assets such that minnum 1.6 x cover over the outstanding NCD amount is maintained at all times. The company will provide copy of complete contract and schedule of expected cashflows. In case of delay in receipt of cashflows (lesser receipts by 20% in two consecutive months) investor has right to ask for security of addition receivables with counter party rating above A. Provided, if an identified Liquidity Event has already occurred, this condition/or additional security shall not apply.</p> <p>2.Personal Guarantee from the Promoter</p> <p>3.First and exclusive charge through pledge of 45,75,000 equity shares constituting to 5% holding in ESDS (on fully diluted basis) by Promoter or Promoter Group incluing P.O. Somani Family Trust ("Pledged Shares"), which shall be released one day prior to the RHP. However, in case IPO does not materialise in 15 calendar clays from the date of release of shares the company must re-pledge shares in maximum 2 business days.</p> <p>4.First charge by way of hypothecation over all the proceeds to the extent of the outstanding amount of NCD's on such date received by the Issuer from the Identified Liquidity Events.</p> <p>5.First and exclusive charge over Escrow Account</p>   |
| 16 | South Asia Growth Fund II Holdings | Unsecured Loan             | 229.36          | 1.5 years             | 10.00%                        | Corporate gurantee of holding company   |
|    |                                    |                            | <b>1,334.80</b> |                       |                               |   |

## 22 Income tax expense

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Current tax  |                         |                         |
| Pertaining to profit for the current year  | -                       | 4.46                    |
| MAT Credit entitlement   | -                       | (4.46)                  |
| Deferred tax   | (52.39)                 | 5.16                    |
| <b>Income tax expense</b>  | <b>(52.39)</b>          | <b>5.16</b>             |
| <b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b> |                         |                         |
| Profit before income tax expenses  | (276.99)                | (21.79)                 |
| Tax at the Indian tax rate of 27.82% (FY 2021-22 - 27.82%)                                     | (77.06)                 | (6.06)                  |
| <b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</b>  |                         |                         |
| Corporate social responsibility expenditure not allowed under taxation and Donation            |                         | 1.06                    |
| Other comprehensive income   | 0.07                    | (0.90)                  |
| Loss from foreign subsidiaries   | 19.34                   | 14.21                   |
| Others   | 5.26                    | (3.15)                  |
| <b>Total</b>   | <b>24.67</b>            | <b>11.22</b>            |
| <b>Net current tax expenses recognised in Statement of Profit &amp; Loss</b>                   | <b>(52.39)</b>          | <b>5.16</b>             |

## 23 Deferred tax (net)

### (a) Income tax expense

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Net Deferred tax (assets)/liabilities**</b>                      | <b>(16.49)</b>          | <b>36.14</b>            |
| <b>Deferred tax assets/liabilities arise from the following:</b>    |                         |                         |
| <b>Tax credits available:</b>                                       |                         |                         |
| <b>MAT credit receivable</b>  | <b>62.04</b>            | <b>62.04</b>            |
| <b>Mat credit receivable ESDS Internet Services Private Limited</b> | 3.21                    | 3.00                    |
| <b>Deferred tax assets- ESDS Internet Services Private Limited</b>  |                         |                         |
| Provision for doubtful debts, doubtful loans and advances           | 4.71                    | 4.71                    |
| <b>Deferred tax assets</b>  |                         |                         |
| Gratuity & compensated absences                                     | 24.74                   | 24.02                   |
| Provision for doubtful debts, doubtful deposits and capital advance | 45.95                   | 47.60                   |
| Disallowances under Sec 40(a) of the Income Tax Act 1961            |                         |                         |
| Lease liabilities   | 195.83                  | 226.26                  |
| Income tax business loss setoff                                     | 154.45                  | 91.14                   |
| Impairment of assets  | 10.63                   | 7.68                    |
|   | <b>501.56</b>           | <b>466.46</b>           |
| <b>Deferred tax liability</b>                                       |                         |                         |
| PP&E depreciation and intangible amortization                       | 253.96                  | 265.88                  |
| Right use of assets   | 231.11                  | 236.72                  |
| Others  |                         |                         |
|   | <b>485.07</b>           | <b>502.60</b>           |

\*\*Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

| Movement in deferred tax (assets)/ liabilities:                     | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Opening deferred tax (assets) / liabilities</b>                  | <b>36.15</b>            | <b>32.68</b>            |
| Mat credit entitlement  | (0.21)                  | (3.45)                  |
| Gratuity and compensated absences                                   | (0.71)                  | (2.69)                  |
| Provision for doubtful debts, doubtful deposits and capital advance | 1.65                    | (14.77)                 |
| Disallowances under Sec 40(a) of the Income Tax Act 1961            | -                       | 1.01                    |
| Lease liabilities   | 30.44                   | 61.39                   |
| Right use of assets   | (5.61)                  | (35.77)                 |
| Income tax business loss setoff                                     | (63.31)                 | (34.52)                 |
| PP&E depreciation and intangible amortization                       | -11.92                  | 47.14                   |
| Impairment of assets  | (2.95)                  | (7.68)                  |
| Others  | -                       | (7.20)                  |
| <b>Closing deferred tax liability after set off</b>                 | <b>(16.49)</b>          | <b>36.15</b>            |

**24 Revenue from operations**

| Particulars                          | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--------------------------------------|------------------------------|------------------------------|
| <b>Sale of services</b>              |                              |                              |
| Cloud hosting and managed services   | 1,988.20                     | 1,805.07                     |
| Technical support services           | 87.47                        | 88.31                        |
| Licence and Support Services         | -                            | 60.20                        |
| <b>Total revenue from operations</b> | <b>2,075.66</b>              | <b>1,953.58</b>              |

Revenue disaggregation in terms of nature of goods and services has been included above.

**A. Reconciliation of revenue recognised with contract price**

| Particulars                    | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--------------------------------|------------------------------|------------------------------|
| <b>Contract price</b>          |                              |                              |
| Adjustments for:               |                              |                              |
| Unbilled revenue               | 1,858.51                     | 1,696.98                     |
| Unearned revenue               | 314.07                       | 339.05                       |
| Unearned revenue               | (96.91)                      | (82.45)                      |
| <b>Revenue from operations</b> | <b>2,075.66</b>              | <b>1,953.58</b>              |

**25 Other income**

| Particulars                                | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Interest:                                  |                              |                              |
| Deposits with banks                        | 15.26                        | 12.12                        |
| Income tax refund                          | 5.63                         | 0.94                         |
| Others                                     | 0.37                         | 0.57                         |
| Unwinding of discount on security deposits | 3.63                         | 3.82                         |
| Amount Written Back                        | 6.15                         | -                            |
| Other non-operating income                 | 15.72                        | 15.89                        |
| <b>Total other income</b>                  | <b>46.76</b>                 | <b>33.34</b>                 |

**26 Employee benefit expense**

| Particulars                               | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus                 | 690.84                       | 637.26                       |
| Contribution to provident and other funds | 23.05                        | 23.23                        |
| Gratuity [refer note:33]                  | 13.95                        | 12.78                        |
| Compensated absences                      | 14.18                        | 14.70                        |
| Employee stock option scheme              | 5.44                         | 5.45                         |
| Other employee related costs              | 22.62                        | 15.72                        |
| <b>Total employee benefit expense</b>     | <b>770.07</b>                | <b>709.14</b>                |

**27 Finance costs**

| Particulars                | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|----------------------------|------------------------------|------------------------------|
| Interest expense:          |                              |                              |
| Borrowings                 | 181.59                       | 102.38                       |
| Lease liabilities          | 68.31                        | 55.51                        |
| Others                     | -                            | 8.51                         |
| Other borrowing costs      | 5.76                         | 7.74                         |
| Bank charges               | 3.61                         | 3.04                         |
| <b>Total finance costs</b> | <b>259.27</b>                | <b>177.19</b>                |

**ESDS Software Solution Limited**  
**Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023**

(All amounts are in Rupees millions, unless otherwise stated)

**28 Depreciation and amortization expense**

| Particulars  | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Depreciation of property, plant and equipment      | 268.10                       | 233.73                       |
| Amortisation of intangible assets                  | 61.26                        | 22.72                        |
| Amortisation of right-of-use asset                 | 123.93                       | 145.41                       |
| Impairment of assets                               | 38.21                        | 27.60                        |
| <b>Total depreciation and amortisation expense</b> | <b>491.48</b>                | <b>429.46</b>                |

**29 Other expenses**

| Particulars                                    | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Project servicing cost                         | 146.71                       | 95.14                        |
| Rental charges                                 | 4.07                         | 4.81                         |
| Office expenses                                | 3.49                         | 3.09                         |
| Travel and conveyance                          | 27.34                        | 17.31                        |
| Communication expenses                         | 116.73                       | 108.86                       |
| Contract labour charges                        | 60.61                        | 51.29                        |
| Corporate social responsibility expenditure    | 2.21                         | 3.80                         |
| Donations                                      | 0.25                         | 0.20                         |
| Rates and taxes                                | 4.65                         | 15.69                        |
| Directors sitting fees                         | 2.00                         | 1.10                         |
| Legal and professional charges                 | 85.51                        | 51.21                        |
| Loss on sale of asset (net)                    | 0.03                         | 0.00                         |
| Sales commission                               | 17.46                        | 24.31                        |
| Insurance                                      | 10.27                        | 9.27                         |
| Advertisement and sales promotion              | 13.93                        | 19.65                        |
| Power and fuel charges                         | 91.68                        | 69.96                        |
| Repairs and maintenance:                       |                              |                              |
| Computers                                      | 1.80                         | 3.98                         |
| Others   | 11.23                        | 3.79                         |
| Membership and subscription charges            | 127.44                       | 83.64                        |
| Expected credit loss allowance [refer note 35] | 43.65                        | 70.22                        |
| Foreign exchange fluctuation loss (net)        | (1.54)                       | 2.51                         |
| Payment to auditors [refer note below]         | 2.43                         | 4.21                         |
| IPO Expenses Written Off*                      | 48.77                        | -                            |
| Balances Written off                           | -                            | 1.09                         |
| Miscellaneous expenses                         | 10.06                        | 12.76                        |
| <b>Total other expenses</b>                    | <b>830.80</b>                | <b>657.91</b>                |

\*The Company has incurred share issue expenses of INR 74.39 million for a proposed Initial Public Offer of the shares of the Company through Decemeber 03, 2022 [one year anniversary after the regulatory approval of the DRHP] ( March 31, 2022: 53.28) in connection with proposed public offer of equity shares. In relation to the expenses incurred for the proposed Initial Public Offer, the selling shareholders had agreed that the expenses incurred by the Company till date (including any tax reimbursements) will be reimbursed to the extent of INR 25.62 million. The proposed public offer of equity shares is not completed and the company share of expenses have been written off to the profit and loss account and the amount to be borne by the selling shareholders has been reflected in Other receivables.

**Payment to auditors**

| Particulars                      | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|----------------------------------|------------------------------|------------------------------|
| <b>As auditor</b>                |                              |                              |
| Statutory audit fee              | 1.80                         | 3.00                         |
| Tax audit fee                    | 0.15                         | 0.60                         |
| Transfer pricing audit fees      | 0.15                         | 0.60                         |
| <b>In other capacity</b>         |                              |                              |
| Fees for other services          | 0.33                         | 0.01                         |
| <b>Total payment to auditors</b> | <b>2.43</b>                  | <b>4.21</b>                  |

**30 Earnings per share**

a) Earnings per share

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| <b>(i) Basic earnings per share</b>                                   |                |                |
| Profit attributable to equity shareholders of the Company             | (224.53)       | (27.24)        |
| Weighted average number of equity shares                              | 9,27,38,384    | 6,49,42,591    |
| <b>Basic earnings per share</b>                                       | <b>(2.42)</b>  | <b>(0.42)</b>  |
| <b>(ii) Diluted earnings per share</b>                                |                |                |
| Profit attributable to equity shareholders of the Company             | (224.53)       | (27.24)        |
| Weighted average number of equity shares (including potential shares) | 9,27,38,384    | 6,49,42,591    |
| <b>Diluted earnings per share</b>                                     | <b>(2.42)</b>  | <b>(0.42)</b>  |

b) Profit reconciliation

| Particulars   | March 31, 2023  | March 31, 2022 |
|---|-----------------|----------------|
| <b>(i) Basic earnings per share</b>   |                 |                |
| Profit attributable to equity shareholders of the Company used in calculating basic earnings per share          | (224.53)        | (27.24)        |
| <b>(ii) Diluted earnings per share</b>  |                 |                |
| Profit attributable to equity shareholders of the Company used in calculating basic earnings per share:         | (224.53)        | (27.24)        |
| <b>Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share</b> | <b>(224.53)</b> | <b>(27.24)</b> |

(c) Weighted average number of shares used as denominator

| Particulars  | March 31, 2023     | March 31, 2022     |
|--|--------------------|--------------------|
| <b>Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>                        | <b>9,27,38,384</b> | <b>6,49,42,591</b> |
| Adjustments for calculation of diluted earnings per share* :   |                    |                    |
| 0.01% compulsory convertible preference shares   | -                  | -                  |
| 0.01% class A compulsory convertible preference shares   | -                  | -                  |
| 16% class B1 compulsory convertible preference shares  | -                  | -                  |
| Class C Compulsory convertible preference shares   | -                  | -                  |
| 16% Compulsory convertible debentures  | -                  | -                  |
| <b>Weighted average number of equity shares and potential shares used as the denominator in calculating diluted earnings per share</b> | <b>9,27,38,384</b> | <b>6,49,42,591</b> |

\*In FY 2022-23 and FY 2021-2022, the profit attributable to equity shareholders of the company is negative hence diluted EPS will be same as basic EPS

**31 Contingencies and commitments**

**i) Capital commitments**

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account (net of advances) | 29.59          | 36.76          |

**ii) Contingent liabilities (to the extent not provided for)**

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| <b>Claims against the company not acknowledged as debts</b>     |                |                |
| Indirect tax matters [Refer ii (a)]                             | 10.84          | 7.51           |
| Other matters [Refer iii (a), (b),(c)]                          | 46.55          |                |
| <b>Guarantees excluding financial guarantees</b>                |                |                |
| Performance Bank guarantees given to customers                  | 396.30         | 296.24         |
| <b>Other money for which the company is contingently liable</b> |                |                |
| Income tax matters [Refer i (a),(b)]                            | 96.34          | -              |
| Indirect tax matters [Refer ii (b),(c)]                         | 130.00         | 43.00          |
| <b>Total</b>  | <b>680.03</b>  | <b>346.76</b>  |

**i) Direct Tax Related Matters**

- a) In May 2023, The company has received demand notices u/s 156 of Income Tax Act, 1961 for reassessment proceedings for Assessment Year (AY) 2016-17 and AY 2017-18. According to the demand notices, an amount of Rs.18.93 million is payable for AY 2016-17, and an amount of Rs.77.41 million is payable for AY 2017-18. In response to these demands, the company is filing an appeal before the Commissioner of Income-tax Appeal (CIT(A)) for both the years. However, as per the regulations, before filing the appeal, the company is required to pay 20% of the demand amount. The company has filed a stay application to suspend the demand, but it is possible that the Department may request the company to pay 20% of the demand. The outcome of the appeals and any subsequent proceedings will determine the final liability of the company in this matter. As a result, the company recognizes these amounts as contingent liabilities, pending the resolution of the appeals and any further actions by the tax authorities.
- b) The company has received show cause notice for late payment/ short payment of TDS for Assessment Year (AY) 2017-18 to AY 2019-20. Also, being principal officer of the company at the time of default, prosecution proceedings u/s 276B of Income Tax Act, 1961 initiated against the directors of the company. The Company have filed for compounding application. Since the final demand order is pending, the specific liability related to this contingent matter has not been recognized or disclosed in the financial statements at this time. The company will continue to monitor the progress of the compounding application and will make appropriate disclosures and provisions once the final demand order is received.

**ii) Indirect Tax Related Matters**

- a) Company have received demand notice under section 32 of MVAT Act,2002 for FY 2016-17 and FY 2017-18 amounting to Rs.7.00 millions and Rs. 3.84 millions respectively, for which company has filed an appeal against the same and management believes that such claim is not tenable.
- b) In September 2022,company has received a intimation of liability under section 73(5) in Form GST DRC-01A of Rs. 72.56 millions for FY 2017-18 pursuant to investigation carried by JCST(Nashik Division) on 19.01.2020.The company is assessing the facts of the case and its probable outflow if any.
- c) In May 2023,company has received a intimation of liability under section 73(5) in Form GST DRC-01A of Rs. 50.50 millions for FY 2019-20 pursuant to investigation carried by JCST(Nashik Division) on 19.01.2020.The company is assessing the facts of the case and its probable outflow if any.
- d) In May 2023,company has received a intimation of liability under section 73(5) in Form GST DRC-01A of Rs. 4.40 millions for FY 2020-201pursuant to investigation carried by JCST(Nashik Division) on 19.01.2020.The company is assessing the facts of the case and its probable outflow if any.
- e) The Company has received ASMT 10 notice from department of GST- Maharashtra u/s 61 for the FY 2017-18, regarding Disallowance of ITC claimed amounting to INR 2.54 million. The company is assessing the facts of the case and its probable outflow if any.

**iii) Other Matters**

- a) In 2019, arbitration proceedings against the suit initiated by Trign Technologies Limited for a claim of Rs. 9442.8 million have commenced and pending as on date. The management, on the basis of legal opinion obtained by them is confident that the claim is frivolous and hence has not been provided for in the financial statements. The company does not foresee any probable outflow in the matter and accordingly has not specifically disclosed the quantum under contingent liability.
- b) In Feb 2022, Company has received a legal notice from Sara Infoway ITES India for non-payment of outstanding dues of Rs. 1,53,86,020/-(including interest @ 18% p.a. of Rs 23,47,020/-). Additionally, an amount of Rs. 3,00,000/- is being sought as advocate fee for serving the legal notice. As per books of accounts of the Company, outstanding dues of Rs. 1,30,64,542/- are being reflected. As of now, the company is carefully reviewing the vendor's claims and assessing its legal obligations in this matter. The company is actively exploring options for resolving the dispute, which may include negotiations, seeking legal advice, or pursuing a settlement to mitigate any financial impact.
- c) Subsidiary company has received a notice from Ministry of communications of INR 43.93 million for the financial year 2012-13 to 2017-18 and 2019-20for short payment/non-payment of license fees and interest thereon. However, the company is of the view that the claim is frivolous and not tenable and the company has a filed a reply for the same with department of telecommunications [ CCA,MH CIRCLE,MUMBAI]

32 (a) Related party names

| Related Party  | Relation  |
|--|---|
| <b><u>Para 9(a)(ii): Individuals having Significant influence over Reporting Entity( RE)</u></b> |   |
| Piyush Somani  | Chairman and Managing Director  |
| <b><u>Relatives of such individuals:</u></b>   |   |
| Pooja Somani   | Sister of Chairman and Managing Director  |
| Prajakta Somani Jadhav   | Sister of Chairman and Managing Director  |
| <b><u>Para 9(a)(iii): Individuals who are KMP of RE or KMP of Parent of RE</u></b>               |   |
| Piyush Somani  | Chairman and Managing Director  |
| Sarla Somani   | Director (till July 28,2021)  |
| Komal Somani   | Whole Time Director (w.e.f July 28, 2021)   |
| Alipt Sharma (on behalf of GECC)   | Nominee Director (from June 4, 2018)  |
| Sandeep Mehta  | Chief Financial Officer (From April 6,2020; till 19th May 2022)                     |
| Aniket Khandelwal  | Compliance Officer and Company Secretary (From August 6, 2021 till 15th June 2022 ) |
| T.G. Dhandapani  | Independent Director (from July 27,2021)  |
| A. V. Ramesh Kumar   | Independent Director (from July 27,2021 ; till 18th January 2023 )                  |
| Pamela Kumar   | Independent Director (from July 27,2021)  |
| Uma Mandavgane   | Independent Director (from July 27,2021 ; till 20th May 2022 )                      |
| Prasad Deokar  | Compliance Officer and Company Secretary (From 13th July 2022)                      |
| <b><u>Para 9(b)(i): Entities that are parent, subsidiary, fellow subsidiary of RE</u></b>        |   |
| ESDS Internet Services Private Limited   | Subsidiary Company  |
| ESDS Global Software Solution Inc.   | Wholly owned Subsidiary Company   |
| ESDS Cloud FZ LLC  | Wholly owned Subsidiary Company   |
| Spochub Solutions Private limited  | Wholly owned Subsidiary Company   |
| <b><u>Para 9(b)(vi): Individual RP as per Para 9a has control/JC over another entity</u></b>     |   |
| Great Ideas in Action LLP  | Komal Somani: Designated partner  |
| Resvera Wines Private Limited  | Komal Somani: Director  |

32(b)(I) Nature of transactions and amounts

| Nature of transactions       | KMP          |              | Relatives of KMP |               | Individuals having control over another entity |             |
|------------------------------|--------------|--------------|------------------|---------------|--|-------------|
|                              | 2022-23      | 2021-22      | 2022-23          | 2021-22       | 2022-23  | 2021-22     |
| Salaries and allowances      | 4.48         | 11.74        | 2.11             | 1.84          | -  | -           |
| Director remuneration        | 10.70        | 10.70        | -                | -             | -  | -           |
| Loan given/(recovered)-net   | -            | (2.16)       | (0.08)           | -8.41         | -  | -           |
| Loan taken/(repaid)-net      | -            | -            | -                | -             | -  | -           |
| Operating and other expenses | 0.02         | -            | -                | -             | -  | 0.34        |
| Sales of services            | -            | -            | -                | -             | 0.00   | 0.07        |
| Director sitting fees        | 2.00         | 1.10         | -                | -             | -  | -           |
| <b>Total</b>                 | <b>17.20</b> | <b>21.37</b> | <b>2.03</b>      | <b>(6.57)</b> | <b>-</b>                                       | <b>0.41</b> |

II Outstanding receivable/(payable) balances

| Nature of transactions                            | KMP     |         | Relatives of KMP |         | Individuals having control over another entity |         |
|---|---------|---------|------------------|---------|--|---------|
|   | 2022-23 | 2021-22 | 2022-23          | 2021-22 | 2022-23  | 2021-22 |
| Payables towards salary / managerial remuneration | -       | 2.33    | -                | 0.20    | -  | -       |
| Loans payable                                     | -       | -       | -                | -       | -  | -       |
| Loans and advances                                | -       | -       | -                | 0.09    | -  | -       |
| Trade payables                                    | -       | -       | -                | -       | 0.00   | 0.64    |
| Accounts due from                                 | -       | -       | -                | -       | -  | -       |
| Security deposits                                 | -       | -       | -                | -       | -  | -       |

III Amount written off

| Particulars | 2022-23 | 2021-22 |
|-------------|---------|---------|
| KMP         | -       | -       |

IV Compensation to KMP

| Particulars                  | 2022-23 | 2021-22 |
|------------------------------|---------|---------|
| Short term employee benefits | 15.18   | 22.44   |
| Long term employee benefits  | -       | -       |
| Retirement benefits*         | -       | -       |
| Termination benefits         | -       | -       |
| Share based payments         | -       | -       |

\*Represents contribution to provident and superannuation funds. As Gratuity expense is based on actuarial valuations, the same cannot be computed for individual employees and hence not included.

V Terms and conditions for outstanding balances - All outstanding balances are unsecured and payable in cash.

**33 Employee benefit obligations**

**A. Defined contribution plans :**

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is defined contribution plan. The Company has no obligation other than to make the specified contribution. The contribution is charged to Statement of Profit and Loss as it accrues.

Contribution to Defined Contribution Plans recognised as expense for the year are as under:

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Employers contribution to provident and other funds | 23.05          | 23.23          |
| <b>Total</b>  | <b>23.05</b>   | <b>23.23</b>   |

**B Defined benefit plan**

The group provides for gratuity to employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

**(a) Movements in the present value of the defined obligation are as follows:**

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| <b>Obligation at the beginning of the year</b>                        | <b>46.04</b>   | <b>39.45</b>   |
| Transfer In / (Out)   |                |                |
| Past Service Cost   |                |                |
| Current service cost  | 10.59          | 10.09          |
| Interest expense  | 3.36           | 2.68           |
| Curtailment Cost/(Credit)   |                |                |
| Settlement Cost/(Credit)  |                |                |
| Actuarial losses (gains) arising from change in financial assumptions | (4.02)         | -              |
| Benefits paid   | (7.05)         | (2.63)         |
| Actuarial losses (gains) arising from experience adjustments          | 4.27           | (3.56)         |
| <b>Liability at the end of the year</b>                               | <b>53.19</b>   | <b>46.04</b>   |

**(b) Change in fair value of plan assets**

| Particulars   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| <b>Fair value of plan assets at the beginning of the year</b> | <b>0.18</b>    | <b>0.47</b>    |
| Interest income   |                | 0.03           |
| Transfer in / (out)   |                | -              |
| Benefits paid   | -0.18          | -              |
| Expected return on plan assets                                |                | -              |
| Contributions   |                | -              |
| Mortality charges and taxes                                   |                | -              |
| Actuarial gain / (loss) on plan assets                        |                | (0.32)         |
| <b>Fair value of plan assets at the end of the year</b>       | <b>-</b>       | <b>0.18</b>    |

**(c) The net liability disclosed above relates to funded and unfunded plans are as follows:**

| Particulars                         | March 31, 2023 | March 31, 2022 |
|-------------------------------------|----------------|----------------|
| Present value of funded obligations | 53.19          | 46.04          |
| Fair value of plan assets           | -              | 0.18           |
| <b>Deficit of funded plans</b>      | <b>53.19</b>   | <b>45.86</b>   |
| Unfunded plans                      | -              | -              |
| <b>Deficit of gratuity plan</b>     | <b>53.19</b>   | <b>45.86</b>   |

**(d) Expenses recognized in the Statement of Profit and Loss under employee benefit expenses.**

| Particulars                                      | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Service cost                                     | 10.59          | 10.09          |
| Net interest (income)/expense                    | 3.36           | 2.68           |
| Past service cost                                | -              | -              |
| Expected return on plan assets                   | -              | -              |
| Settlement cost/(credit)                         | -              | -              |
| Transfer In/(Out)                                |                | (2.63)         |
| Net actuarial (gain)/loss recognised in the year | 0.26           | (3.56)         |
| <b>Net gratuity cost</b>                         | <b>14.21</b>   | <b>6.57</b>    |

(e) Expenses recognized in statement of other comprehensive income:

| Remeasurement  | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Remeasurement for the year - obligation (Gain)/Loss  | 0.26           | (3.56)         |
| Return on plan assets excluding amount included in net interest on net defined liability/(asset) above | -              | -              |
| <b>Total Remeasurement Cost/(Credit) for the year recognised in OCI</b>                                | <b>0.26</b>    | <b>(3.56)</b>  |

(f) Significant estimates: actuarial assumptions and sensitivity  
The significant actuarial assumptions were as follows:

| Particulars  | March 31, 2023                                | March 31, 2022                                |
|--|---|---|
| Mortality Rate   | Indian Assured Lives Mortality (2012-14) Ult. | Indian Assured Lives Mortality (2012-14) Ult. |
| Discount Rate  | 7.30%   | 6.80%   |
| Rate of growth in compensation level                             | 7.00%   | 7.00%   |
| Expected average remaining working lives of employees (in years) | 60 years                                      | 58 years                                      |
| Attrition Rate   | 5% to 1%                                      | 5% to 1%                                      |

\* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

**Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Change in Assumption                           | Defined benefit obligation |                |
|--|----------------------------|----------------|
|  | March 31, 2023             | March 31, 2022 |
| (i) 1% increase in discount rate               | 46.24                      | 40.21          |
| (ii) 1% decrease in discount rate              | 61.64                      | 53.07          |
| (iii) 1% increase in rate of salary escalation | 61.58                      | 52.98          |
| (iv) 1% decrease in rate of salary escalation  | 46.16                      | 40.17          |
| (v) 1% increase in rate of withdrawal          | 53.29                      | 40.35          |
| (vi) 1% decrease in rate of withdrawal         | 53.09                      | 40.35          |

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**The following payments are expected contributions to the defined benefits plan in future year:**

| Particulars  | March 31, 2023 | March 31, 2022 |
|--------------|----------------|----------------|
| Year 1       | 1.59           | 1.45           |
| Year 2       | 2.00           | 1.50           |
| Year 3       | 1.79           | 1.44           |
| Year 4       | 1.73           | 1.39           |
| Year 5       | 1.67           | 1.35           |
| Year 6 to 10 | 4.85           | 5.21           |

**Liability Risks**

**Asset-Liability Mismatch Risk-**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

**Discount Rate Risk-**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

**Future Salary Escalation and Inflation Risk -**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

**Asset Risks**

The Group does not have any investment in plan assets, as the gratuity plan is a non funded plan. In case of any liability arises on account of gratuity, the group will pay off the amount from the available sources of funds.

(g) The major categories of plans assets are as follows:

| Particulars                       | March 31, 2023 | March 31, 2022 |
|-----------------------------------|----------------|----------------|
| Fund Managed by Insurance Company | 0%             | 100%           |

### 34 Fair value measurements

#### Financial instruments by category

| Particulars   | March 31, 2023 |                 | March 31, 2022 |                 |
|---|----------------|-----------------|----------------|-----------------|
|   | FVPL           | Amortised cost  | FVPL           | Amortised cost  |
| <b>Financial assets</b>   |                |                 |                |                 |
| Non-current financial assets  |                |                 |                |                 |
| Term deposits with maturity more than 12 months from reporting date |                | 84.93           | -              | 153.70          |
| Security deposits   |                | 59.75           | -              | 51.83           |
| Current financial assets  |                |                 |                |                 |
| Trade receivables   |                | 571.34          | -              | 638.53          |
| Cash and cash equivalents   |                | 168.86          | -              | 350.60          |
| Other bank balances   |                | 409.69          | -              | 146.39          |
| Other current financial assets                                      |                |                 |                |                 |
| Security deposit  |                | 23.44           | -              | 33.79           |
| Other loans and advance   |                | 0.20            | -              | 0.21            |
| Unbilled Receivable   |                | 314.07          | -              | 339.05          |
| <b>Total financial assets</b>                                       |                | <b>1,632.28</b> | <b>-</b>       | <b>1,714.09</b> |
| <b>Financial liabilities</b>  |                |                 |                |                 |
| Non current financial liabilities                                   |                |                 |                |                 |
| Non-current borrowings  |                | 929.80          | -              | 655.88          |
| Lease liabilities   |                | 558.70          | -              | 608.31          |
| Other non-current financial liabilities                             |                |                 |                |                 |
| Capital creditors   |                | -               | -              | -               |
| Current financial liabilities                                       |                |                 |                |                 |
| Current borrowings  |                | 718.49          | -              | 678.66          |
| Lease liabilities   |                | 145.20          | -              | 205.00          |
| Trade payables  |                | 279.30          | -              | 232.02          |
| Other current financial liabilities                                 |                |                 |                |                 |
| Capital creditors   |                | 28.46           | -              | 152.58          |
| Unearned revenue  |                | 96.91           | -              | 82.45           |
| <b>Total financial liabilities</b>                                  |                | <b>2,756.87</b> | <b>-</b>       | <b>2,614.90</b> |

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts, largely due to the short term nature of these balances.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The management assessed that the carrying amounts of its financial instruments are reasonable approximations of fair values.

#### i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| Financial assets and liabilities measured at amortised cost         | Level 1 | Level 2 | Level 3         |
|---|---------|---------|-----------------|
| <b>As at March 31, 2023</b>   |         |         |                 |
| <b>Financial assets</b>   |         |         |                 |
| Non-current financial assets  |         |         |                 |
| Term deposits with maturity more than 12 months from reporting date | -       | -       | 84.93           |
| Security deposits   | -       | -       | 59.75           |
| Current financial assets  |         |         |                 |
| Trade receivables   | -       | -       | 571.34          |
| Cash and cash equivalents   | -       | -       | 168.86          |
| Other bank balances   | -       | -       | 409.69          |
| Other current financial assets                                      |         |         |                 |
| Security deposit  | -       | -       | 23.44           |
| Other loans and advance   | -       | -       | 0.20            |
| Unbilled revenue  | -       | -       | 314.07          |
| <b>Total financial assets</b>                                       |         |         | <b>1,632.28</b> |
| <b>Financial liabilities</b>  |         |         |                 |
| Non current financial liabilities                                   |         |         |                 |
| Non-current borrowings  | -       | -       | 929.80          |
| Lease liabilities   | -       | -       | 558.70          |
| Other non-current financial liabilities                             |         |         |                 |
| Capital creditors   | -       | -       | -               |
| Current financial liabilities                                       |         |         |                 |
| Current borrowings  | -       | -       | 718.49          |
| Lease liabilities   | -       | -       | 145.20          |
| Trade payables  | -       | -       | 279.30          |
| Other current financial liabilities                                 |         |         |                 |
| Current maturities of long-term debts                               | -       | -       | -               |
| Capital creditors   | -       | -       | 28.46           |
| Unearned revenue  | -       | -       | 96.91           |
| <b>Total financial liabilities</b>                                  |         |         | <b>2,756.87</b> |

| Financial assets and liabilities measured at amortised cost         | Level 1 | Level 2 | Level 3         |
|---|---------|---------|-----------------|
| <b>At March 31, 2022</b>  |         |         |                 |
| <b>Financial assets</b>   |         |         |                 |
| Non-current financial assets  |         |         |                 |
| Term deposits with maturity more than 12 months from reporting date | -       | -       | 153.70          |
| Security deposits   | -       | -       | 51.83           |
| Current financial assets  |         |         |                 |
| Trade receivables   | -       | -       | 638.53          |
| Cash and cash equivalents   | -       | -       | 350.60          |
| Other bank balances   | -       | -       | 146.39          |
| Other current financial assets                                      |         |         |                 |
| Security deposit  | -       | -       | 33.79           |
| Other loans and advance   | -       | -       | 0.21            |
| Unbilled revenue  | -       | -       | 339.05          |
| <b>Total financial assets</b>                                       |         |         | <b>1,714.09</b> |
| <b>Financial liabilities</b>  |         |         |                 |
| Non current financial liabilities                                   |         |         |                 |
| Non-current borrowings  | -       | -       | 655.88          |
| Lease liabilities   | -       | -       | 608.31          |
| Other non-current financial liabilities                             |         |         |                 |
| Capital creditors   | -       | -       | -               |
| Current financial liabilities                                       |         |         |                 |
| Current borrowings  | -       | -       | 678.66          |
| Lease liabilities   | -       | -       | 205.00          |
| Trade payables  | -       | -       | 232.02          |
| Other current financial liabilities                                 |         |         |                 |
| Capital creditors   | -       | -       | 152.58          |
| Unearned revenue  | -       | -       | 82.45           |
| <b>Total financial liabilities</b>                                  |         |         | <b>2,614.90</b> |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. However the group does not have any financial instruments that are measured using Level 1 inputs.

Level 2: The fair value of derivatives is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

All of the resulting fair value estimates are included in Level 2 except for unlisted preference shares where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

**iii) Fair value of financial assets and liabilities measured at amortised cost**

The fair value of all financial instruments carried at amortised cost are not materially different from their carrying amounts, since they are either short-term in nature or the interest rate applicable are equal to the current market rate of interest.

### 35 Financial risk management

The group's principal financial liabilities comprises of borrowings, lease liabilities, trade and other payables (including capital creditors). The main purpose of these financial liabilities is to finance the group's operations. The group's principal financial assets trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The group is exposed to the following risk from its use of financial instruments:

- a) Credit risk,
- b) Liquidity risk
- c) Market risk
  - i) Foreign currency exchange rate risk
  - ii) Interest rate risk

The group's senior management oversees the management of these risks. The group's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

#### (a) Credit Risk

The group is exposed to credit risk as a result of risk of counterparties defaulting on their obligations. The group's exposure to credit risk primarily relates to trade receivables. The group monitors and limits its exposure to credit risks on a reasonable basis. The group's credit risk associated with trade receivables is primarily related to customers not able to settle their obligations as agreed upon. To manage this, the group periodically reviews the financial reliability of its customers, taken into account their financial condition, current economic trends, analysis of historical bad debts and ageing of trade receivables.

Financial instruments that are subject to such risks, principally consist of trade receivables, contract assets such as unbilled revenue, security deposits and cash and bank balances. None of the financial instruments of the group results in material concentration of credit risk.

- Trade receivables/contract assets

Customer credit risk is managed by the group subject to the established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The group applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, "Financial Instruments" which permits the use of the lifetime expected loss provision for all trade receivables. The group has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the group.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

#### i) Reconciliation of loss allowance provisions

| Particulars                                | Amount        |
|--|---------------|
| <b>Loss allowance as at March 31, 2021</b> | <b>150.60</b> |
| Add/(less): Changes in Loss Allowance      |               |
| Bad debts written off during the year      | (49.73)       |
| Provision for the year                     | 70.22         |
| <b>Loss allowance as at March 31, 2022</b> | <b>171.09</b> |
| Add/(less): Changes in Loss Allowance      |               |
| Bad debts written off during the year      | (32.49)       |
| Provision for the period                   | 43.65         |
| <b>Loss allowance as at March 31, 2023</b> | <b>182.25</b> |

**b) Liquidity risk**

The group is exposed to liquidity risk related to its ability to fund its obligations as and when they become due. The group monitors and manages the liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The group has access to credit facilities and monitors cash and bank balances on a regular basis. In relation to the group's liquidity risk, the group's policy is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses.

The table below analyzes the group's financial liabilities into relevant maturity groupings based on their contractual maturities.

| March 31,2023                            | Current         | 1 year to 3 years | More than 3 years | Total           |
|--|-----------------|-------------------|-------------------|-----------------|
| <b>Non current financial liabilities</b> |                 |                   |                   |                 |
| Non-current borrowings                   |                 | 160.50            | 769.30            | 929.80          |
| Lease liabilities                        |                 | 191.26            | 367.44            | 558.70          |
| <b>Current financial liabilities</b>     |                 |                   |                   |                 |
| Current borrowings                       | 718.49          |                   |                   | 718.49          |
| Lease liabilities                        | 145.20          |                   |                   | 145.20          |
| Trade payables                           | 279.30          |                   |                   | 279.30          |
| Other current financial liabilities      |                 |                   |                   | -               |
| Capital creditors                        | 28.46           |                   |                   | 28.46           |
| Unearned revenue                         | 96.91           |                   |                   | 96.91           |
| <b>Total financial liabilities</b>       | <b>1,268.38</b> | <b>351.76</b>     | <b>1,136.75</b>   | <b>2,756.88</b> |

| March 31,2022                            | Current         | 1 year to 3 years | More than 3 years | Total           |
|--|-----------------|-------------------|-------------------|-----------------|
| <b>Non current financial liabilities</b> |                 |                   |                   |                 |
| Non-current borrowings                   |                 | 646.23            | 9.65              | 655.88          |
| Lease liabilities                        |                 | 220.35            | 387.96            | 608.31          |
| <b>Current financial liabilities</b>     |                 |                   |                   |                 |
| Current borrowings                       | 678.66          | -                 | -                 | 678.66          |
| Lease liabilities                        | 205.00          | -                 | -                 | 205.00          |
| Trade payables                           | 232.02          | -                 | -                 | 232.02          |
| Other current financial liabilities      |                 |                   |                   | -               |
| Capital creditors                        | 152.58          | -                 | -                 | 152.58          |
| Unearned revenue                         | 82.45           | -                 | -                 | 82.45           |
| <b>Total financial liabilities</b>       | <b>1,350.72</b> | <b>866.59</b>     | <b>397.61</b>     | <b>2,614.91</b> |

**(c) Market risk**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

**(i) Foreign currency exchange rate risk**

The group deals with receivables from customers and payables to vendors. It is therefore exposed to foreign exchange risk associated with exchange rate movements. The foreign exchange rate fluctuations do not have any material impact on the profitability of the group as such exports and foreign currency expenditure is negligible

in totality. There are no forward exchange contracts which have been entered into by the group as on the reporting dates.

**Details of foreign currency exposures that are not hedged by a derivatives instrument or otherwise:**

| Particulars                 | March 31, 2023 | March 31, 2022 |
|-----------------------------|----------------|----------------|
| <b>Receivables (asset)</b>  |                |                |
| USD                         | 0.01           | 0.02           |
| GBP                         | 0.07           | 0.07           |
| EUR                         | -              | 0.00           |
| AED                         | -              | -              |
| <b>Payables (liability)</b> |                |                |
| USD                         | 0.01           | 0.59           |
| AED                         | -              | -              |
| GBP                         | 0.00           | 0.00           |
| <b>Loan (asset)</b>         |                |                |
| USD                         | 0.04           | 0.04           |
| AED                         | -              | -              |
| GBP                         | -              | -              |

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's debt obligations with floating interest rates.

**Interest rate exposure: The exposure of the group's borrowings to interest rate changes at the end of the reporting period are as follows:**

| Particulars                          | Year ended<br>March 31,2023 | Year ended<br>March 31,2022 |
|--------------------------------------|-----------------------------|-----------------------------|
| Interest on variable rate borrowings | 181.59                      | 102.38                      |

**Sensitivity analysis**

**Profit or loss to higher/lower interest rate expense from borrowings as a result of changes in interest rates**

| Particulars               | Year ended<br>March 31,2023 | Year ended<br>March 31,2022 |
|---------------------------|-----------------------------|-----------------------------|
| <b>If interest rates:</b> |                             |                             |
| Increase by 1%            | 1.82                        | 1.02                        |
| Decrease by 1%            | (1.82)                      | (1.02)                      |

**36 Share based payments**

**(a) Description of share based payment arrangements**

On 9 August 2021, the Board of Directors approved the ESDS Employees Stock Ownership Plan 2021. These options are granted to eligible employees of The Company determined by the nomination and remuneration committee and are convertible into equivalent number of equity shares of Rs. 1 each as per the terms of the plan. Upon vesting, the employees can acquire one common equity share of The Company for every option. Options will be available for vesting upon successful completion of service during the vesting Year. The options were granted on 30th August 2021.

**Vesting conditions**

Options can be exercised within 4 years from the vesting date. The vesting pattern is set out below

| Vesting        | Vesting of grant |
|----------------|------------------|
| 30 August 2022 | 50%              |
| 30 August 2023 | 20%              |
| 30 August 2024 | 20%              |
| 30 August 2025 | 10%              |

**(b) Measurement of fair values**

| Vesting        | Exercise price | Expected volatility | Risk free rate | Expected life | Weighted average fair value as on grant date | Method of valuation   |
|----------------|----------------|---------------------|----------------|---------------|--|-----------------------|
| 30 August 2022 | 65             | 20.33%              | 5.65%          | 3 to 6 years  | 10.60  | Black – Scholes Model |
| 30 August 2023 | 65             | 20.33%              | 5.65%          | 3 to 6 years  | 13.38  | Black – Scholes Model |
| 30 August 2024 | 65             | 20.33%              | 5.65%          | 3 to 6 years  | 15.96  | Black – Scholes Model |
| 30 August 2025 | 65             | 20.33%              | 5.65%          | 3 to 6 years  | 18.35  | Black – Scholes Model |

**(c) Effect of employee stock ownership plan on the Statement of Profit and Loss**

| Particulars                           | For the year ended 31st March 2023 |
|---------------------------------------|------------------------------------|
| Employee stock ownership plan expense | 5.44                               |

There were 3,88,000 ESOP cancellations and no modifications to the options in the Year ended 31st March 2023

The carrying amount of the liability relating to the Employee Stock Ownership Plan at 31st March 2023 was Rs.10.89 million.

**(d) Reconciliation of outstanding share options**

The number share options under the share option scheme are as follows

| Particulars   | For the Year Year ended 31st March 2023 |
|---|---|
| Options outstanding as at the beginning of the Year | 17,63,000                               |
| Add: Options granted during the year                |   |
| Less: Options forfeited and expired during the Year | 3,88,000                                |
| Less: Options exercised during the Year             |   |
| <b>Options outstanding as at the Year end</b>       | <b>13,75,000</b>                        |

Exercisable at the end of the year 6,87,500

**ESDS Software Solution Limited**  
**Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023**  
*(All amounts are in Rupees millions, unless otherwise stated)*

**37 Capital Management**

For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business activities and maximize brand value.

The Group manages its capital and makes adjustments to it in light of the changes in economic and market conditions.

The Group monitors capital gearing ratio, which is net debt divided by total capital. Net debt comprises of long term and short term borrowings less cash and bank balances, equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting period was as follows.

| Particulars                     | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------|----------------------|----------------------|
| Debt*                           | 1,648.29             | 1,334.55             |
| Cash and bank balances          | (168.86)             | (350.60)             |
| <b>Net debt</b>                 | <b>1,479.44</b>      | <b>983.95</b>        |
| <b>Shareholders' Funds</b>      |                      |                      |
| Equity Share Capital            | 92.89                | 91.57                |
| Reserves and Surplus            | 1,963.07             | 1,897.04             |
| <b>Total Equity</b>             | <b>2,055.96</b>      | <b>1,988.61</b>      |
| <b>Net debt to equity ratio</b> | <b>0.72</b>          | <b>0.49</b>          |

\* includes current maturity of long term borrowing

**38 Micro, Small and Medium Enterprises Development Act, 2006**

As per the information available, the management has not received information from some of their suppliers for the year ended 31st March ,2023 confirming that they are covered under Micro, Small and Medium Enterprises Development Act, 2006. In Management's view, the impact of any interest that may be payable (in accordance with the provisions of the Micro, Small and Medium Enterprise Development Act, 2006) on delayed payments to its micro or small suppliers is not expected to be significant.

**39 Segment Information**

The business segment have been identified on the basis of the nature of products and services, the risks and returns, internal organisation and management structure and the internal performance reporting systems.

The Group has identified business segment as its primary segment. In accordance with Indian Accounting Standard 108 - Segment Reporting, the Company has determined its business segment as "design, development, installation and servicing of information technology related resource". Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors based in India regarded as the Chief Operating Decision Maker ("CODM"). Since the entire Company's business is from Information technology related resource there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortisation during the year are all as reflected in the Financial Statements as at and for the period ended March 31, 2023 and year ended March 31, 2022.

**The secondary segment by geographical segments is provided below based on location of customers:**

The Group has identified India and Rest of the world as geographical segments for secondary segmental reporting. Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognized. Assets other than receivables used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as these are used interchangeably between segments. All assets other than receivables are located in India. Similarly, capital expenditure is incurred towards fixed assets located in India.

| Geographical Segment | Sales and Services |                 | Total Assets    |                 |
|----------------------|--------------------|-----------------|-----------------|-----------------|
|                      | March 31, 2023     | March 31, 2022  | March 31, 2023  | March 31, 2022  |
| India                | 1,919.53           | 1,764.96        | 4,146.17        | 4,317.61        |
| Outside India        | 156.13             | 188.61          | 15.76           | 56.81           |
| <b>Total</b>         | <b>2,075.66</b>    | <b>1,953.58</b> | <b>4,161.92</b> | <b>4,374.43</b> |

**Information about major customers:**

There is no single customer which contributes more than 10% to the revenue for the financial year ended on March 31, 2023 and March 31,2022.

**40 Interests in other entities**

**40.a Subsidiaries**

The group's subsidiaries at 31 March 2023 and 31 March 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| Name of entity                         | Place of business/Country of Incorporation | Ownership interest held by the group |                     | Ownership interest held by the non controlling interest |                     |
|--|--|--------------------------------------|---------------------|---|---------------------|
|  |  | As at March 31,2023                  | As at March 31,2022 | As at March 31,2023                                     | As at March 31,2022 |
| ESDS Internet Services Private Limited | India                                      | 50%                                  | 50%                 | 50%   | 50%                 |
| ESDS Cloud FZ LLC*                     | UAE  | 100%                                 | 100%                | -   | -                   |
| Spochub Solutions Private Limited      | India                                      | 100%                                 | 100%                | -   | -                   |
| ESDS Global Software Solution Inc*     | USA  | 100%                                 | 100%                | -   | -                   |

\*Subsidiary Company having 31st December as reporting date.

**40.b Non controlling interests**

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

| Summarised balance sheet      | ESDS Internet Services Private Limited |                      |
|-------------------------------|--|----------------------|
|                               | As at March 31, 2023                   | As at March 31, 2022 |
| Current assets                | 72.65                                  | 72.53                |
| Current liabilities           | 91.67                                  | 91.07                |
| <b>Net current assets</b>     | <b>(19.02)</b>                         | <b>(18.54)</b>       |
| Non-current assets            | 374.00                                 | 405.20               |
| Non-current liabilities       | 364.06                                 | 395.61               |
| <b>Net non-current assets</b> | <b>9.94</b>                            | <b>9.60</b>          |
| <b>Net assets</b>             | <b>(9.08)</b>                          | <b>(8.94)</b>        |
| Accumulated NCI               | (4.54)                                 | (4.47)               |

| Summarised statement of profit and loss | ESDS Internet Services Private Limited |                      |
|---|--|----------------------|
|   | As at March 31, 2023                   | As at March 31, 2022 |
| Revenue                                 | 0.97                                   | 21.15                |
| Profit for the year                     | -0.14                                  | 1.22                 |
| <b>Total comprehensive income</b>       | <b>-0.14</b>                           | <b>1.22</b>          |
| Profit allocated to NCI                 | -0.07                                  | 0.61                 |

| Summarised cash flows                                 | ESDS Internet Services Private Limited |                      |
|---|--|----------------------|
|   | As at March 31, 2023                   | As at March 31, 2022 |
| Cash flows from operating activities                  | 3.99                                   | (10.94)              |
| Cash flows from investing activities                  | 64.70                                  | 64.57                |
| Cash flows from financing activities                  | (63.41)                                | (53.11)              |
| Net increase/ (decrease) in cash and cash equivalents | 5.28                                   | 0.52                 |

**ESDS Software Solution Limited**  
**Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023**  
*(All amounts are in Rupees millions, unless otherwise stated)*

**41 Additional Disclosure by Schedule III**

| Name of the entities in the Group                        | Parent                         |          | Subsidiaries                           |        |                                   |        |                      |          |                                   |         |                      |          |
|--|--------------------------------|----------|--|--------|-----------------------------------|--------|----------------------|----------|-----------------------------------|---------|----------------------|----------|
|  |                                |          | Indian                                 |        |                                   |        | Foreign              |          |                                   |         |                      |          |
|  | ESDS Software Solution Limited |          | ESDS Internet Services Private Limited |        | Spochub Solutions Private Limited |        | ESDS Cloud FZ LLC    |          | ESDS Global Software Solution Inc |         | Total                |          |
| Particulars  | As % of consolidated           | Amount   | As % of consolidated                   | Amount | As % of consolidated              | Amount | As % of consolidated | Amount   | As % of consolidated              | Amount  | As % of consolidated | Amount   |
| <b>Net assets (total assets minus total liabilities)</b> |                                |          |  |        |                                   |        |                      |          |                                   |         |                      |          |
| March 31, 2023   | 107.27                         | 2,570.83 | (0.38)                                 | (8.99) | 0.01                              | 0.18   | (6.90)               | (165.41) | -                                 |         | 100.00               | 2,396.61 |
| March 31, 2022   | 107.77                         | 2,205.28 | (0.44)                                 | (8.95) | 0.01                              | 0.18   | (6.81)               | (139.41) | (0.53)                            | (10.82) | 100.00               | 2,046.28 |
| <b>Share in profit or (loss)</b>                         |                                |          |  |        |                                   |        |                      |          |                                   |         |                      |          |
| March 31, 2023   | 212.87                         | 59.43    | (0.17)                                 | (0.05) | (0.00)                            | (0.00) | (112.69)             | (31.46)  | -                                 |         | 100.00               | 27.92    |
| March 31, 2022   | (59.00)                        | 21.05    | (1.71)                                 | 0.61   | 0.04                              | (0.02) | 159.38               | (56.87)  | 1.28                              | (0.46)  | 100.00               | (35.68)  |
| <b>Share in other comprehensive income</b>               |                                |          |  |        |                                   |        |                      |          |                                   |         |                      |          |
| March 31, 2023   | 100.00                         | (22.98)  | -                                      | -      | -                                 | -      | -                    | -        | -                                 | -       | 100.00               | (22.98)  |
| March 31, 2022   | 100.00                         | 2.34     | -                                      | -      | -                                 | -      | -                    | -        | -                                 | -       | 100.00               | 2.34     |
| <b>Share in total comprehensive income</b>               |                                |          |  |        |                                   |        |                      |          |                                   |         |                      |          |
| March 31, 2023   | 178.85                         | 71.48    | (0.12)                                 | (0.05) | (0.00)                            | (0.00) | (78.73)              | (31.46)  | -                                 | -       | 100.00               | 39.97    |
| March 31, 2022   | (70.15)                        | 23.39    | (1.83)                                 | 0.61   | 0.04                              | (0.02) | 170.56               | (56.87)  | 1.37                              | (0.46)  | 100.00               | (33.35)  |

\* Above disclosure contains figures prior to intra group transactions

**42 Exceptional Items:**

- In October 2021, the Company has received notices from CGST Department under section 86A - where the department has reasons to believe that the company should reverse certain Input Tax Credit availed. Company have paid Rs.30.78 million in DRC-03 against such invoices and written it off as expenses under exceptional item .
- In January 2022, the Company has received summons from CGST Department -Karnataka under section 70 - where the department has raised the inquiry in connection with evasion of GST by the company. The department raised the concerns with regards to availment of GST Input in invoices from vendors who are willful defaulters in payment of GST.Company have paid Rs.35.00 million including interest and penalty in DRC-03 against such invoices and written it off as expenses under exceptional item .

43 Ageing Schedule

a) Trade Receivables

Outstanding for following period from due date of payment as at 31st March 2023

| Particulars  | Not Due | Less than 6 months | 6 Months to 1 year | 1 -2 years   | 2 -3 years   | More than 3 years | Expected Credit Loss Allowance | Total         |
|--|---------|--------------------|--------------------|--------------|--------------|-------------------|--------------------------------|---------------|
| Trade Receivables -Considered Good                   | -       | 511.51             | 115.39             | 30.35        | 32.12        | 31.65             | (149.68)                       | 571.34        |
| Trade Receivables-Credit Impaired                    | -       | -                  | -                  | -            | 15.65        | -                 | (15.65)                        | -             |
| <b>Total Trade Receivables</b>                       | -       | <b>511.51</b>      | <b>115.39</b>      | <b>30.35</b> | <b>47.77</b> | <b>31.65</b>      | <b>(165.33)</b>                | <b>571.34</b> |
| Unbilled Receivable                                  | 314.07  |                    |                    |              |              |                   |                                | 314.07        |
| <b>Total Trade Receivables - Billed and Unbilled</b> |         |                    |                    |              |              |                   |                                | <b>885.41</b> |

Outstanding for following period from due date of payment as at 31st March 2022

| Particulars  | Not Due | Less than 6 months | 6 Months to 1 year | 1 -2 years   | 2 -3 years   | More than 3 years | Expected Credit Loss Allowance | Total         |
|--|---------|--------------------|--------------------|--------------|--------------|-------------------|--------------------------------|---------------|
| Trade Receivables -Considered Good                   | -       | 489.04             | 175.59             | 51.87        | 40.47        | 6.01              | (124.45)                       | 638.53        |
| Trade Receivables-Credit Impaired                    | -       | -                  | -                  | 15.65        | -            | -                 | (15.65)                        | -             |
| <b>Total Trade Receivables</b>                       | -       | <b>489.04</b>      | <b>175.59</b>      | <b>67.52</b> | <b>40.47</b> | <b>6.01</b>       | <b>(140.10)</b>                | <b>638.53</b> |
| Unbilled Receivable                                  | 339.05  |                    |                    |              |              |                   |                                | 339.05        |
| <b>Total Trade Receivables - Billed and Unbilled</b> |         |                    |                    |              |              |                   |                                | <b>977.58</b> |

b) Trade Payables

Outstanding for following period from due date of payment as at 31st March 2023

| Particulars | Less than 6 months | 6 Months to 1 year | 1 -2 years | 2 -3 years | More than 3 years | Total  |
|-------------|--------------------|--------------------|------------|------------|-------------------|--------|
| MSME        | 59.22              | 0.33               | 0.23       | -          | -                 | 59.78  |
| Others      | 175.22             | 9.30               | 1.44       | -          | 4.45              | 190.42 |

Outstanding for following period from due date of payment as at 31st March 2022

| Particulars | Less than 6 months | 6 Months to 1 year | 1 -2 years | 2 -3 years | More than 3 years | Total  |
|-------------|--------------------|--------------------|------------|------------|-------------------|--------|
| MSME        | 9.19               | 1.40               | 0.11       | -          | -                 | 10.71  |
| Others      | 212.43             | 11.22              | 4.05       | 4.31       | -                 | 232.02 |

c) Capital WIP

As at 31st March 2023

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|-------------|------------------|-----------|-----------|-------------------|-------|
| CWIP        | -                | -         | -         | -                 | -     |

As at 31st March 2022

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|-------------|------------------|-----------|-----------|-------------------|-------|
| CWIP        | 0.70             | -         | -         | -                 | -     |

ESDS Software Solution Limited  
Notes Forming Part of Consolidated Financial Statements for the Year ended 31st March 2023  
(All amounts are in Rupees millions, unless otherwise stated)

44 Additional Regulatory Requirements

i) Ratios to be disclosed

| Ratios as per Schedule III |  | As at March 31,2023   |            |          | As at March 31,2022 |            |          | % Change in Ratio |          |
|----------------------------|--|---|------------|----------|---------------------|------------|----------|-------------------|----------|
| Particulars                | Formulae used for calculation of ratio | Numerator   | Denomintor | Ratio    | Numerator           | Denomintor | Ratio    |                   |          |
| a)                         | Current ratio                          | Current Assets/Current Liabilities                            | 1,935.92   | 1,328.05 | 1.46                | 1,957.72   | 1,788.30 | 1.09              | 24.90%   |
| b)                         | Debt-Equity Ratio                      | (Non-current borrowings+ Current borrowings)/Total Equity     | 1,648.29   | 2,101.54 | 0.78                | 1,334.55   | 2,052.74 | 0.65              | 17.11%   |
| c)                         | Debt Service Coverage Ratio            | EBIDTA/Debt obligiaon   | 521.54     | 1,648.29 | 0.32                | 620.18     | 1,334.55 | 0.46              | -46.87%  |
| d)                         | Return on Equity Ratio                 | Profit after tax/ Shareholder's equity                        | (224.53)   | 2,101.54 | -10.68%             | (27.24)    | 2,052.74 | -1.33%            | 87.58%   |
| e)                         | Trade Receivables turnover ratio       | Revenue from operations/Average trade receivables             | 2,075.66   | 604.93   | 3.43                | 1,953.58   | 552.38   | 3.54              | -3.07%   |
| f)                         | Trade payables turnover ratio          | (Purchase of goods + Other expenses)/Average trade payables   | 830.80     | 266.62   | 3.12                | 657.91     | 245.14   | 2.68              | 13.87%   |
| g)                         | Net capital turnover ratio             | Revenue from operations/(Current assets- Current liabilities) | 2,075.66   | 607.88   | 3.41                | 1,953.58   | 169.41   | 11.53             | -237.71% |
| h)                         | Net profit ratio                       | Profit after tax/ Revenue from operations                     | (224.53)   | 2,075.66 | -10.82%             | (27.24)    | 1,953.58 | -1.39%            | 87.11%   |
| j)                         | Return on capital employed             | EBIT/Capital employed   | 30.05      | 2,101.54 | 1.43%               | 190.71     | 2,052.74 | 9.29%             | -549.65% |

Reasons for Change more than 25% from previous year

- a)**Current Ratio**:Increase in current ratio is mainly on account of increase in term deposits with maturity less than 12 months and income tax receivable  
b)**Debt Service Coverage Ratio** :Decrease in debt service coverage ratio is on account of decrease in operating profits during the year and net debt increase  
c)**Return on Equity Ratio** : Return on equity has decreased on account substantial decrease in profits of the company  
d)**Net capital turnover ratio**: Decrease in net capital ratio is on account of substantial decrease in profits of the company  
g)**Net profit ratio** :Decrease in net profits is due higher operational costs and lesser revenue  
h)**Return on capital employed**: Decrease in return on capital employed is on account of significant decrease in EBIT margins

ii) Borrowings obtained on the basis of security of current assets

The company has filed quarterly returns or statements with the banks in lieu of the sanctioned working facilities,there is no material differences.

#### 45 Additional Regulatory Disclosures As Per Schedule III Of Companies Act, 2013

- i) Title deeds of Immovable Property are in the name of group wherever applicable
- ii) Details of Benami Property and its proceedings- Not applicable as there are no proceedings which have been initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- iii) Wilful Defaulter - The group has not been declared wilful defaulter by bank or financial institution or government or any government authority.
- iv) Relationship with Struck off Companies -As per section 248 of the Companies Act, 2013 or section 560 of Companies Act,1956 ,there are no balances outstanding with struck off companies
- v) Compliance with number of layers of companies - Not Applicable as the group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- vi) Compliance with approved Scheme(s) of Arrangements - Not Applicable as the group has no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- vii) Details of Crypto Currency or Virtual Currency - Not Applicable as the group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- viii) There were no whistle blower complaints received by the group during the year.
- ix) The group does not have any such transaction which is not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.
- x) The group does not have any intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.
- xi) The group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
- (b) Provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- xii) The group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) Provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- xiii) Registration of charges or satisfaction with registrar of companies- The group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

#### 46 Revenue Details

Revenue for the year ended March 31, 2023 is net of certain one-time reversals of revenue pertaining to earlier years amounting to INR 153.93 million. Grossed up for this reversal amount, the Gross Revenue for the year was Rs 2,229.59 million. There was no reversal of any corresponding costs in the statement of profit and loss for the year ended March 31, 2023

| Paticulars   | Rs in millions |
|--|----------------|
| Gross Revenue from Operations  | 2,229.59       |
| Less:One-time reversal in revenue pertaining to previous years (unbilled and credit notes) | 153.93         |
| Revenue from Operations recognised in statement of profit and loss                         | 2075.66        |

#### 47 Previous period figures have been regrouped/reclassified wherever necessary to conform to current periods presentation

In terms of our report of even date  
**For Shah Khandelwal Jain & Associates**  
ICAI Firm Registration Number: 142740W  
Chartered Accountants

Sd/-

**Ashish Khandelwal**  
Partner  
Membership No.: 049278  
Place : Pune  
Date : 05/09/2023

**For and on behalf of the Board of Directors**  
**ESDS Software Solution Limited**  
CIN : U72200MH2005PLC155433

Sd/-

**Piyush Somani**  
Chairman and Managing Director  
DIN :02357582  
Place: Nashik  
Date : 05/09/2023

Sd/-

**Komal Somani**  
Whole Time Director  
DIN: 08477154  
Place: Nashik  
Date : 05/09/2023

Sd/-

**Prasad Deokar**  
Company secretary and compliance officer  
Membership No.: A34350  
Place : Nashik  
Date : 05/09/2023

Sd/-

**Nadukuru Sita Ramaiah**  
Chief financial officer  
Place: Nashik  
Date : 05/09/2023

## Notice to Shareholders

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Notice is hereby given that the Eighteenth (18<sup>th</sup>) Annual General Meeting (“AGM”) of members of ESDS Software Solution Limited (“the Company”) will be held on 30<sup>th</sup> September, 2023 at 11:00 hours (IST) on Saturday, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements for the financial year ended March 31, 2023, together with the reports of the Board of Directors and Auditors thereon and if thought fit, to give assent or dissent to the following resolution to be passed as an **Ordinary Resolution**:

“**RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2023 and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted”.

2. To consider and adopt the Audited Consolidated Financial Statements for the financial year ended March 31, 2023, together with the report of the Auditors thereon and if thought fit, to give assent or dissent to the following resolution to be passed as an **Ordinary Resolution**:

“**RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023 and the report of the Auditors thereon, as circulated to the Members, be and are hereby received, considered and adopted”.

3. To appoint Mr. Piyush Somani (DIN: 02357582), who retires by rotation as a director and, in this regard, to consider and if thought fit, to give assent or dissent to the following resolution to be passed as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act 2013 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder including any statutory modification(s) or reenactment thereof for the time being in force, Mr. Piyush Somani (DIN: 02357582), who retires by rotation at this meeting, and being eligible, has offered herself for reappointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation”.

4. To appoint Mr. Venkatesh Natarajan (DIN: 07471917) as an Independent Director for the first term of 5 consecutive years and if thought fit, to give assent or dissent to the following resolution to be passed as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof for the time being in force) and on the basis of recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, Mr. Venkatesh Natarajan (DIN: 07471917), who has been appointed as an Additional Director designated as an Independent Director of the Company who

holds office until passing of this resolution and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof for the time being in force), Mr. Venkatesh Natarajan (DIN: 07471917), Director of the Company, who has submitted a declaration to the effect that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term of Five (5) consecutive years with effect from July 01, 2023 to June 30, 2028, not liable to retire by rotation.

**RESOLVED FURTHER THAT** any one of the Directors and/or the Company Secretary, be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this Resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution.”

#### **SPECIAL BUSINESS:**

5. To approve the revision of remuneration payable to Mr. Piyush Somani (DIN 02357582) as Managing Director of the Company and, if thought fit, to give assent or dissent to the following resolution to be passed as a **Special Resolution**

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 (“Act”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee of the Board, the approval of the Shareholders of the Company be and is hereby accorded to revise the remuneration payable to Mr. Piyush Somani, Chairman and Managing Director of the Company, such that the remuneration payable shall not exceed Rs.1,09,20,000/- (Rupees One Crore Nine Lakhs Twenty Thousand only) to be effective from 01<sup>st</sup> July 2023 till the balance term of his appointment as Managing Director.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Piyush Somani, Chairman and Managing Director shall comprise i) a fixed annual remuneration of Rs.84,00,000/- (Rupees Eighty-Four Lakhs only) including applicable perquisites/benefits to be payable on monthly basis; and ii) a variable remuneration of Rs.25,20,000/- (Rupees Twenty-Five Lakhs Twenty Thousand only) to be payable on annual basis.

**RESOLVED FURTHER THAT** the Nomination & Remuneration Committee of the Board of Directors of the Company, be and is hereby authorised to specify the criteria for variable remuneration to be payable to Mr. Piyush Somani.

**RESOLVED FURTHER THAT** upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors shall have the discretion and authority to alter, vary and modify the aforesaid terms and condition of the said appointment and remuneration in such manner as may be mutually agreed

between the Board of Directors and Mr. Piyush Prakashchandra Somani in accordance with the applicable provisions of the Act or any amendment thereto.

**RESOLVED FURTHER THAT** each of the Director of the Company or the Company Secretary, be and are hereby severally authorised to do all such acts, deeds, matters and things which may be required to give effect to this resolution including filing of necessary e-forms/letters with the Ministry of Corporate Affairs and intimation to relevant statutory authorities.

**RESOLVED FURTHER THAT** each of the Director of the Company or the Company Secretary, be and are hereby severally authorized to issue a certified true copy of the resolution to any persons and they be requested to act thereupon.”

6. To approve the revision of remuneration payable to Ms. Komal Somani (DIN 08477154) as Whole-time Director of the Company and, if thought fit, to give assent or dissent to the following resolution to be passed as a **Special Resolution**

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 (“Act”) (including any statutory modification(s) or enactment(s) thereof for the time being in force), and pursuant to the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee of the Board, the approval of the Shareholders of the Company be and is here by accorded to revise the remuneration payable to Ms. Komal Somani, Whole-time Director of the Company, such that the remuneration payable shall not exceed Rs.53,76,000/- (Rupees Fifty-Three Lakhs Seventy-Six Thousand only) to be effective from 01<sup>st</sup> July 2023 till the balance term of her appointment as Whole-time Director.

**RESOLVED FURTHER THAT** the remuneration payable to Ms. Komal Somani, Whole-time Director shall comprise i) a fixed annul remuneration of Rs.44,80,000/- (Rupees Forty-Four Lakhs Eighty Thousand only) including applicable perquisites/benefits to be payable on monthly basis and ii) a variable remuneration of Rs.8,96,000/- (Rupees Eight Lakhs Ninety-Six Thousand only) to be payable on annual basis.

**RESOLVED FURTHER THAT** the Nomination & Remuneration Committee of the Board of Directors of the Company, be and is hereby by authorised to specify the criteria for variable remuneration to be payable to Mr. Piyush Somani.

**RESOLVED FURTHER THAT** upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors shall have the discretion and authority to alter, vary and modify the aforesaid terms and condition of the said appointment and remuneration in such manner as may be mutually agreed between the Board of Directors and Mr. Piyush Prakashchandra Somani in accordance with the applicable provisions of the Act or any amendment thereto.

**RESOLVED FURTHER THAT** each of the Director of the Company or the Company Secretary, be and are hereby severally authorised to do all such acts, deeds, matters and things which may be required to give effect to this resolution including filing of necessary e-forms/letters with the Ministry of Corporate Affairs and intimation to relevant statutory authorities.



**RESOLVED FURTHER THAT** each of the Director of the Company or the Company Secretary, be and are hereby severally authorized to issue a certified true copy of the resolution to any persons and they be requested to act thereupon.”

**For and on behalf of Board of Directors of  
ESDS SOFTWARE SOLUTION LIMITED**

**Sd/-**

**(Piyush Somani)**

**Chairman and Managing Director**

**DIN: 02357582**

**Date : 05.09.2023**

**Place : Nashik**

**Registered Officer: Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007**

**CIN: U72200MH2005PLC155433**

**Website: [www.esds.co.in](http://www.esds.co.in)**

**e-mail: [secretarial@esds.co.in](mailto:secretarial@esds.co.in)**



**Notes:**

1. Corporate Members intending to send their authorised representatives to attend the Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the Meeting.
2. A member entitled to attend and vote at the Annual General Meeting (“the Meeting”) is entitled to appoint a proxy to attend and on a poll, vote instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy, should, however, be deposited at the registered office of the Company not less than 48 hours before the time of commencement of the Meeting.
3. A person can act as a proxy on behalf of not exceeding fifty (50) members and holding in aggregate not more than ten (10) per cent of the total paid-up share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.
4. Members of the Company had appointed M/s Shah Khandelwal Jain & Associates., Chartered Accountants Pune (Firm Registration No.142740W) as Statutory Auditors for a consecutive period of five years commencing from financial year 2020-21 until the conclusion of Annual General Meeting to be held for financial year 2024-25.
5. The proceedings of the meeting shall be recorded and shall be kept in the safe custody of the Company. Such recording shall be made available at the request of the members.
6. The notice of the Annual General Meeting is being sent by electronic mode to those members whose e-mail addresses are registered with the Company.
7. Entry to the place of meeting will be regulated by an **Attendance Slip** which is annexed hereto as **Annexure A** to the Notice. Members/Proxies attending the meeting are kindly requested to complete the enclosed Attendance Slip and affix their signature at the place provided thereon and hand it over at the entrance.
8. A member entitled to attend and vote at the meeting is entitled to appoint a proxy, who need not be a member of the Company, to attend and vote instead of himself. Proxies in order to be effective must be lodged with the Company at least 48 hours before the meeting. The **Proxy Form** is annexed hereto as **Annexure B**.
9. In case of corporate shareholders proposing to participate at the meeting through their representative, necessary authorization under Section 113 of the Companies Act, 2013 for such representation may please be forwarded to the Company.
10. The documents related to matters set out in the notice shall be open for inspection at the registered office of the Company during normal business hours (9.00 am to 6.00 pm) on all working days up to and including the date of Annual General meeting of the Company.

11. In terms of Section 152 of the Companies Act, 2013, Mr. Piyush Somani (DIN: 02357582), retires by rotation at this Meeting and being eligible, offers herself for re-appointment. Details of Director retiring by rotation as required pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India provided in Annexure to the Explanatory Statement.
12. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three (3) days of notice in writing is given to the Company.
13. Members/Proxy holders/authorised representatives should bring the duly filled-in Attendance Slip.
14. The Register of Directors and Key Managerial Persons and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Meeting.

The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Meeting.



## **The Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013**

### **ITEM No.4**

The Board of Directors at its meeting held on 30<sup>th</sup> June, 2023, on the basis of the recommendation of the Nomination and Remuneration Committee, has appointed Mr. Venkatesh Natarajan (DIN: 07471917) as an Additional Director on the Board of Directors of the Company with effect from 01<sup>st</sup> July, 2023, and also as an Independent Director to hold office for a period of five years, subject to approval of the Members of the Company.

Mr. Venkatesh Natarajan (DIN: 07471917) is a Mechanical Engineer degree with a Post-Graduation in Engineering Management and Business Administration. He is also a Master of Technology (M. Tech) in Maintenance Engineering stream. He has also completed a PD Diploma in Computer Programming, Computer Software Engg. He was President-IT & Chief Digital Officer at Ashok Leyland Limited with over 20 years of association with the Ashok Leyland and has been responsible for evangelizing and turbocharging Digital Technology Practices and creating a pan-organization 'Data Driven Culture'.

Accordingly, approval of the Members is sought by way of an Ordinary Resolution for the appointment of Mr. Venkatesh Natarajan as a Non-Executive and Independent Director for the first term of five (5) consecutive years from July 01, 2023 as set out in the Resolution No.4 of this Notice.

None of the Directors / Key Managerial Personnel of the Company and their relatives except Mr. Venkatesh Natarajan and his relatives, are in any way, concerned or interested, financially or otherwise, in the Resolution except to the extent of their shareholding, if any, in the Company. Further, Mr. Venkatesh Natarajan and his relatives shall not be entitled to vote on the resolution as set out at Item No.4 of the Notice.

All the documents referred to in the Explanatory Statement are available for inspection at the Registered Office of the Company between 11 am to 1 pm on all working days and any shareholder who wants to avail the same be provided with a soft copy.

Disclosures as required under Secretarial Standards -2 (SS-2) is as follows:

|  |   |
|--|---|
| Name   | Mr. Venkatesh Natarajan (DIN: 07471917)   |
| Date of Birth  | 25.11.1962  |
| Age (years)  | 60  |
| Date of appointment                                    | 01.07.2023  |
| Qualification & Experience in specific functional area | ME, PG in MBA (Engineering),<br>M. Tech in Maintenance Engineering,<br>Diploma in Computer Programming,<br>Computer Software Engg.<br><br>He has 33 years of multifaceted experience in the Manufacturing industry includes 25 years of focused expertise in 'IT embedded Business Transformation'. |

|  |   |
|--|---|
|  | He was President-IT & Chief Digital Officer at Ashok Leyland Limited with over 20 years of association with the Ashok Leyland and has been responsible for evangelizing and turbocharging Digital Technology Practices and creating a pan-organization 'Data Driven Culture'. |
| Relationship with other Directors inter-se   | None  |
| Directorships held in other companies  | Nil   |
| Memberships/ Chairmanships of Committee in other public limited companies (includes only Audit & Stakeholder Relationship Committee) | Nil   |
| Shareholding, if any, in the Company   | Nil   |
| Terms and conditions of appointment along with details of remuneration sought to be paid   | Appointed as Non-Executive and Independent Director for the first term of five consecutive years.<br>Would be paid Sitting Fees as per the provisions of the Act  |
| Remuneration last drawn  | Nil   |

#### **ITEM No.5**

Mr. Piyush Somani (DIN: 02357582) was appointed as Managing Director of the Company effective from January 26, 2020 for a period of 5 years from January 26, 2020. The Shareholders of the Company in their meeting held on August 09, 2021 approved his remuneration under the relevant provisions of the Companies Act, 2013. He is the promoter of the Company.

Mr. Piyush Somani (DIN: 02357582) since his appointment as Managing Director with effect from January 26, 2020 has opted not to take any increment in his remuneration.

However, considering his vast experience, leadership capabilities and his performance, contributions towards set corporate goals & achievements made during his tenure & the increasing inflation rate and pursuant to recommendations of Nomination and Remuneration Committee, it is proposed to revise his remuneration payable for balance term of his tenure as Managing Director effective from July 01, 2023.

He possesses vast experience and has leadership capabilities, entrepreneurial skills, which have enabled the Company to achieve its goals and objectives. Further to mention that the business is growing and with that responsibilities of the Managing Director are also growing. Besides, considering the increased involvement in critical business matters requiring him to shoulder larger responsibilities, devote more time for achieving desired results, and pursuant to the recommendations of the Nomination and Remuneration Committee, it is proposed to revise the remuneration payable to Mr. Piyush Somani, Managing Director effective from July 01, 2023 upto balance term of his tenure.

Mr. Piyush Somani is the Chairman-cum-Managing Director and Promoter of our Company. He holds a Bachelor's Degree in Engineering (Electronics) from the University of Pune. As the founder of our Company at the age of 26, he has over 17 years of experience in the information technology sector. He has been instrumental in expanding the operations of our Company in several international markets. We have significantly benefitted from the vision, technical acumen and leadership of Mr. Piyush Somani.

**The material terms of the remuneration are given below:**

1. Basic Salary: Not exceeding Rs.42,00,000/- (Rupees Fifty Two Lakh only) effective from July 01, 2023 with a provision for increase in remuneration of not more than 25% per annum over the remuneration of the previous year which would be subject to recommendation by the Nomination & Remuneration Committee, the Audit Committee and approval of the Board on an annual basis.
2. House Rent Allowance @40% of the Basic Salary.
3. Special Allowance not exceeding Rs.17,46,903/- (Rupees Seventeen Lakh Forty Six Thousand Nine Hundred and Three only) effective from July 01, 2023, with a provision to revise the same not exceeding 25% over the amount paid in immediately preceding financial year;
4. Performance linked Variable pay not exceeding Rs.25,20,000/- (Rupees Twenty Five Lakhs Twenty Thousand only) with a provision to revise the same not exceeding 25% over the amount paid in immediately preceding financial year;
5. Leave Encashment at the end of the tenure as per Company's HR Policy;
6. Contributions to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961 as per Company's HR Policy;
7. **Perquisites:** He shall be entitled to:
  - Contribution by the Company to Personal Accident insurance, Mediclaim insurance, Keyman Insurance policies obtained by the Company; and
  - Company maintained Chauffeur driven car for Company's business purposes;
  - Telephone, cell phone and such other means of communications like laptop, internet facilities at residence for business purpose which would not be considered as perquisites;
  - The terms and conditions of the said appointment and agreement may be altered and varied from time to time by the Board, as it may, in its discretion, deem fit within the maximum amount payable to the Managing Director as per the amount approved by the shareholders and subject to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Act for the time being in force, read with Schedule V thereto as amended from time to time;
  - He would be paid remuneration with a provision for increase in remuneration of not more than 25% per annum over the previous year which will be decided and recommended by Nomination & Remuneration Committee and Audit Committee, subject to Board approval on an annual basis.
8. Gratuity payable at a rate not exceeding half month's salary for each completed year of service as per **Company's** HR Policy;

The Brief profile of Mr. Piyush Somani and the details of his shareholding in the Company, as per requirements of the Companies Act, 2013, the rules made there under and the SS-2 are given in **Annexure “A”**.

None of the Directors / Key Managerial Personnel of the Company and their relatives except Mr. Piyush Somani and Ms. Komal Somani (Spouse of Mr. Piyush Somani) and their relatives, are in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company. Further, Mr. Piyush Somani, Ms. Komal Somani and their relatives shall not be entitled to vote on the resolution as set out at Item No.5 of the Notice.

All the documents referred to in the Explanatory Statement are available for inspection at the Registered Office of the Company between 11 a.m. and 1 p.m. on all working days up to the date of Postal Ballot and any shareholder who wants the same will be provided a soft copy.

The Board recommends the resolution as set out at Item No.5 for approval by the Members as a Special Resolution.

#### **ITEM No.6**

Ms. Komal Somani (DIN: 08477154) was appointed as Whole-time Director of the Company effective from July 28, 2021 for a period of 5 years from July 28, 2021. The Shareholders of the Company in their meeting held on August 09, 2021 approved her remuneration under the relevant provisions of the Companies Act, 2013.

Ms. Komal Somani (DIN: 08477154) since her appointment as Whole-time Director with effect from July 28, 2021 has opted not to take any increment in her remuneration.

However, considering his vast experience, leadership capabilities and her performance, contributions towards set corporate goals & achievements made during her tenure & the increasing inflation rate and pursuant to recommendations of Nomination and Remuneration Committee, it is proposed to revise her remuneration payable for balance term of her tenure as Whole-time Director effective from July 01, 2023.

She possesses vast experience and has leadership capabilities, entrepreneurial skills, which have enabled the Company to achieve its goals and objectives. She is also Chief Human Resource Officer (“CHRO”) and Chief Marketing Officer (“CMO”). Further to mention that the business is growing and with those responsibilities of the Whole-time Director, CHRO and CMO are also growing and pursuant to the recommendations of the Nomination and Remuneration Committee, it is proposed to revise the remuneration payable to Ms. Komal Somani, Whole-time Director effective from July 01, 2023 upto balance term of her tenure.

Ms. Komal Somani, Whole-time Director, is also Chief Human Resource Officer and Chief Marketing Officer of our Company. She holds a Bachelor’s Degree in Engineering from the University of Pune. She has been associated with our Company since September 01, 2012. She has won several awards and recognitions such as one of the 50 Most Fabulous Happiness Leaders at the World Happiness Congress

2023, "Most Innovative Woman of the Year – 2018" at the 2<sup>nd</sup> She Leads Summit and Awards, 2018, was ranked amongst the 50 Most Innovative HR Technology Leaders 2017, and amongst the 25 Most Innovative HR Tech Leaders – 2016 at the Asia Pacific HRM Congress. She has been honored with Maharashtra Nari Ratna Award 2017, Tejaswini Sanmaan by Swaraj in 2017 and Nashik Best HR Leaders – 2017.

**The material terms of the remuneration are given below:**

1. Basic Salary: Not exceeding Rs.22,40,000/- (Rupees Twenty Two Lakh Forty Thousand only) effective from July 01, 2023 with a provision for increase in remuneration of not more than 25% per annum over the remuneration of the previous year which would be subject to recommendation by the Nomination & Remuneration Committee, the Audit Committee and approval of the Board on an annual basis.
2. House Rent Allowance @40% of the Basic Salary.
3. Special Allowance not exceeding Rs.9,31,680/- (Rupees Nine Lakh Thirty One Thousand Six Hundred and Eighty only) effective from July 01, 2023, with a provision to revise the same not exceeding 25% over the amount paid in immediately preceding financial year;
4. Performance linked Variable pay not exceeding Rs.8,96,000/- (Rupees Eight Lakhs Ninety Six Thousand) with a provision to revise the same not exceeding 25% over the amount paid in immediately preceding financial year;
5. Leave Encashment at the end of the tenure as per Company's HR Policy;
6. Contributions to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961 as per Company's HR Policy;
7. **Perquisites:** He shall be entitled to:
  - Contribution by the Company to Personal Accident insurance, Mediclaim insurance, Keyman Insurance policies obtained by the Company; and
  - Company maintained Chauffeur driven car for Company's business purposes;
  - Telephone, cell phone and such other means of communications like laptop, internet facilities at residence for business purpose which would not be considered as perquisites;
  - The terms and conditions of the said appointment and agreement may be altered and varied from time to time by the Board, as it may, in its discretion, deem fit within the maximum amount payable to the Managing Director as per the amount approved by the shareholders and subject to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Act for the time being in force, read with Schedule V thereto as amended from time to time;
  - He would be paid remuneration with a provision for increase in remuneration of not more than 25% per annum over the previous year which will be decided and recommended by Nomination & Remuneration Committee and Audit Committee, subject to Board approval on an annual basis.
8. Gratuity payable at a rate not exceeding half month's salary for each completed year of service as per Company's HR Policy;

The Brief profile of Ms. Komal Somani and the details of his shareholding in the Company, as per requirements of the Companies Act, 2013, the rules made there under and the SS-2 are given in **Annexure "A"**.

None of the Directors / Key Managerial Personnel of the Company and their relatives except Ms. Komal Somani and Mr. Piyush Somani (Spouse of Ms. Komal Somani) and their relatives, are in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company. Further, Ms. Komal Somani, Mr. Piyush Somani and their relatives shall not be entitled to vote on the resolution as set out at Item No.6 of the Notice.

All the documents referred to in the Explanatory Statement are available for inspection at the Registered Office of the Company between 11 a.m. and 1 p.m. on all working days up to the date of Postal Ballot and any shareholder who wants the same will be provided a soft copy.

The Board recommends the resolution as set out at Item No.6 for approval by the Members as a Special Resolution.



### Annexure A

In terms of Section 152 of the Companies Act, 2013, Mr. Piyush Somani (DIN: 02357582) retire by rotation at this Meeting and being eligible, offer herself for re-appointment. Details of Director retiring by rotation as required pursuant to Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India are given hereunder:

| Particulars   | Particulars   | Particulars   |
|---|---|---|
| Name of the Director  | Ms. Piyush Prakashchandra Somani  | Ms. Komal Piyush Somani   |
| DIN   | 02357582  | 08477154  |
| Date of birth   | June 09, 1979   | June 01, 1986   |
| Age   | 44 years  | 32 years  |
| Date of Appointment   | August 18, 2005   | July 28, 2021   |
| Brief Resume of the Director including nature of expertise in specific functional areas                 | Mr. Piyush Somani is the Chairman-cum-Managing Director and Promoter of our Company. He holds a Bachelor’s Degree in Engineering (Electronics) from the University of Pune. As the founder of our Company at the age of 26, he has over 17 years of experience in the information technology sector. He has been instrumental in expanding the operations of our Company in several international markets. We have significantly benefitted from the vision, technical acumen and leadership of Piyush Prakashchandra Somani. | Komal Somani is the Chief Marketing Officer of our Company. She holds a Bachelor’s Degree in Engineering from the University of Pune. She has been associated with our Company since September 01, 2012. She has won several awards and recognitions such as "Most Innovative Woman of the Year – 2018" at the 2nd She Leads Summit and Awards, 2018, was ranked amongst the 50 Most Innovative HR Technology Leaders 2017, and amongst the 25 Most Innovative HR Tech Leaders – 2016 at the Asia Pacific HRM Congress. She has been honored with Maharashtra Nari Ratna Award 2017, Tejaswini Sanmaan by Swaraj in 2017 and Nashik Best HR Leaders – 2017. |
| No. of shares held in the Company as on March 31, 2023  | 26852696  | 11  |
| Remuneration for FY 2022-23   | Rs.70,00,000/- per annum  | Rs.40,00,000/- per annum  |
| Directorships (Excluding alternate directorship, directorships in foreign companies and companies under | ESDS Internet Service Private Limited; and Spochub Solutions Private Limited  | Resvera Wines Limited   |

|   |  |   |
|---|--|---|
| Section 8 of the Companies Act, 2013.   |  |   |
| Chairman/Member of the Committee of Board of Directors as on March 31, 2023;<br>A. Audit Committee;<br>B. Stakeholders Relationship Committee | No<br>No   | No<br>No  |
| Inter-se relationship between the Directors / Key Managerial Person (KMP)   | Mr. Piyush Somani (DIN: 02357582) is spouse of Ms. Komal Somani, Whole-time Director of the Company. | Ms. Komal Somani (DIN: 08477154) is spouse of Mr. Piyush Somani, Chairman & Managing Director of the Company. |
| No. of Board Meetings attended during FY 2022-23  | 9 (Nine) out of 9 (Nine) meetings he was liable to attend in the FY 2022-23                          | 9 (Nine) out of 9 (Nine) meetings she was liable to attend in the FY 2022-23                                  |





**ANNEXURE A**

**ATTENDANCE SLIP**

**ESDS SOFTWARE SOLUTION LIMITED**

**CIN: U72200MH2005PLC155433**

**Regd. Office: Plot No . B-24 & 25, NICE Area, M.I.D.C. Satpur. Nasik 422007**

|            |  |               |  |
|------------|--|---------------|--|
| DP ID*     |  | Folio No.     |  |
| Client Id* |  | No. of Shares |  |

\*Applicable for investors holding shares in electronic form.

I/We certify that I/we am/are a registered shareholder/proxy for the registered shareholder of the Company.

I/We hereby record my/our presence at the **Eighteenth (18<sup>th</sup>) Annual General Meeting** of the Company, held on Saturday, September 30, 2023 at 11:00 am at Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007

\_\_\_\_\_  
Name of the member (In block letters)

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Name of the Proxy (In block letters)

\_\_\_\_\_  
Name of the Proxy (In block letters)



**ANNEXURE –B**

**PROXY FORM  
Form No. MGT-11**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**ESDS SOFTWARE SOLUTION LIMITED  
CIN: U72200MH2005PLC155433**

**Regd. Office: Plot No . B-24 & 25, NICE Area, M.I.D.C. Satpur. Nasik 422007**

|                          |  |
|--------------------------|--|
| Name of the member (s) : |  |
| Registered address :     |  |
| E-mail Id:               |  |
| Folio No./ *Client Id :  |  |
| * DP ID                  |  |

\*Applicable for investors holding shares in electronic form

I/We, being the holder/(s) of \_\_\_\_\_ equity shares of ESDS Software Solution Limited, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_  
or failing him;
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_  
or failing him;
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_

and whose signature is appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Eighteenth (18<sup>th</sup>) Annual General Meeting** of the Company, held on Saturday, September 30, 2023 at 11:00 am at Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\*I wish my above Proxy to vote in the manner as indicated in the box below:

| Sr. No. | Particulars   | For | Against |
|---------|---|-----|---------|
| 1       | To receive, consider and adopt the Audited Standalone Financial Statements for the financial year ended March 31, 2023, together with the reports of the Board of Directors and Auditors thereon; |     |         |
| 2       | To consider and adopt the Audited Consolidated Financial Statements for the financial year ended March 31, 2023, together with the report of the Auditors thereon;                                |     |         |
| 3       | To appoint Mr. Piyush Somani (DIN: 02357582), who retires by rotation as a director;  |     |         |

|   |   |  |  |
|---|---|--|--|
| 4 | To appoint Mr. Venkatesh Natarajan (DIN: 07471917) as an Independent Director for the first term of 5 consecutive years;  |  |  |
| 5 | To approve the revision of remuneration payable to Mr. Piyush Somani (DIN 02357582) as Managing Director of the Company;  |  |  |
| 6 | To approve the revision of remuneration payable to Ms. Komal Somani (DIN 08477154) as Whole-time Director of the Company. |  |  |

\*\*This is optional

Signed this \_\_\_\_ day of \_\_\_\_\_, 2023

Affix  
Revenue  
Stamp

\_\_\_\_\_  
Signature of the Proxy holder (s)

\_\_\_\_\_  
Signature of Shareholder

Note: This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





## **ESDS Software Solution Ltd.**

**Head Office | Nashik**

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