



ANNUAL REPORT

ESDS SOFTWARE SOLUTION LIMITED

CIN:U72200MH2005PLC155433

FINANCIAL YEAR
2021-2022

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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

Mr. Ramesh Kumar Amudalapalli

Independent Director

Ms. Pamela Kumar

Independent Director

Company Secretary

Mr. Prasad Deokar

Auditors

M/s. Shah Khandelwal Jain & Associates

Chartered Accountants, Pune

BANKERS

Axis Bank Limited

State Bank of India

IndusInd Bank

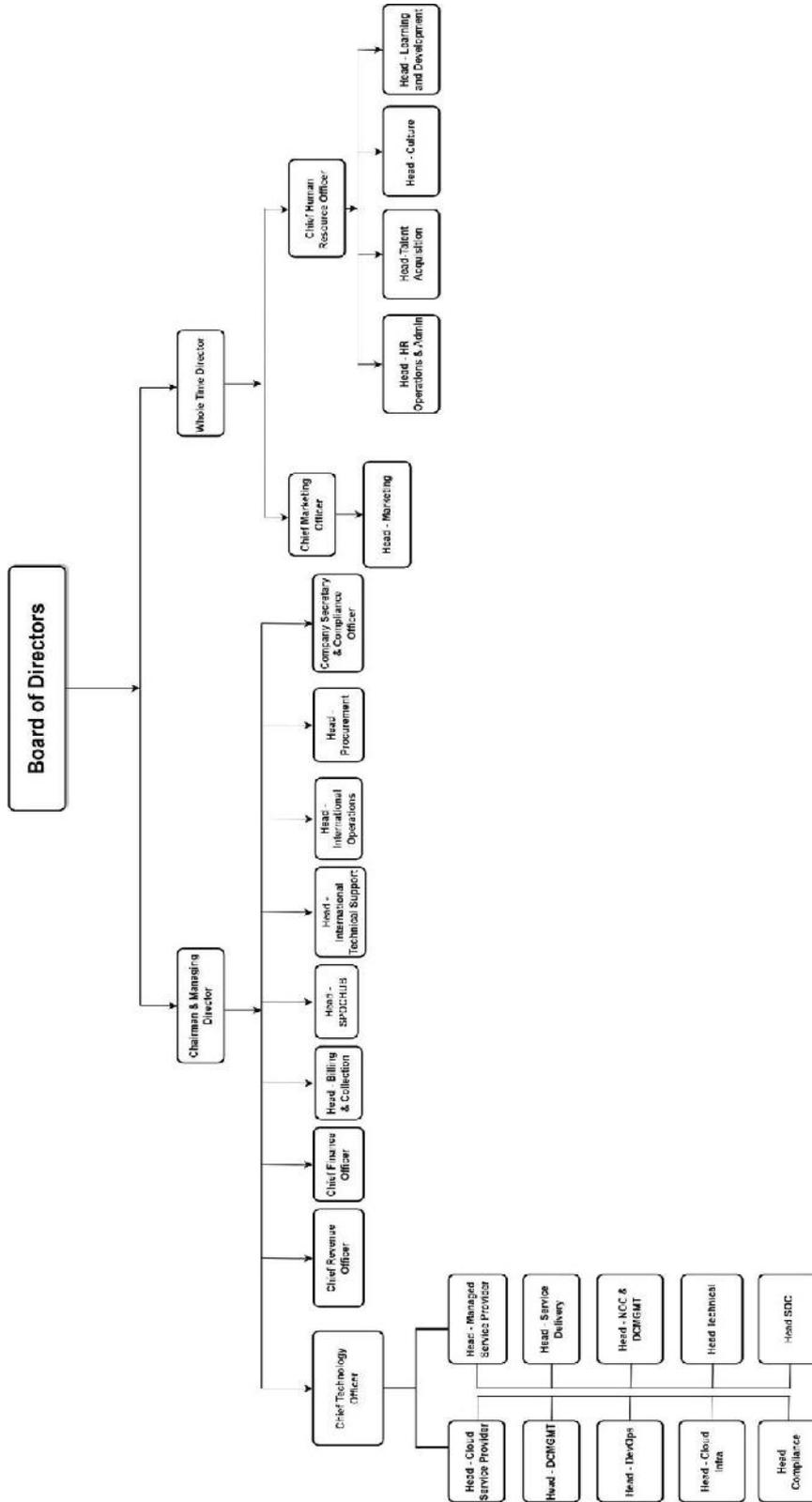
REGISTERED OFFICE

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

Management organization chart



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.

Sd/-

Piyush Somani

Chairman-cum-Managing Director

Message from Chairman

Dear Shareholder,

FY-22 has played a crucial role in the transformation of ESDS; how? What we've done in FY-22 has helped to completely transform ESDS into a Company that will disrupt the cloud and Data Center technologies in India. Some very unique initiatives were taken during FY-22; Famrut was one of them. Famrut, our new Software as a Service, is one of the significant milestones that will transform, and it is relevant to 1B People. With Famrut, we will connect more than 1 billion people worldwide and over 1 billion smart devices. Famrut is an agri-tech platform developed by ESDS, covering 3600 end-to-end solutions for all agricultural requirements. So, this is something significant that happened last financial year. Revenue-wise, it has not contributed significantly to the numbers, but the foundation was laid in FY-22.

A couple of other SaaS offerings of ESDS were launched last financial year. iPAS, from an indigenous software, got converted into a SaaS offering, and we have taken the solution to multiple States. We are now giving it as a SaaS solution to multiple collectorate offices. We are in the process of upgrading iPAS into a complete end-to-end e-governance software for the States, extending services that originated in Maharashtra and are now transcending into other States, starting from Chhattisgarh. We are doing a massive project in Chhattisgarh; we bagged a 50 Crore contract last year in Chhattisgarh. So, the revenue recognized in FY-22 was not as much, but the revenue contribution of this order is going to be 25 Crore in FY-23. That project will probably become the most significant revenue grosser in FY-23.

Board of Directors



Mr. Piyush Somani
Chairman-cum-Managing
Director



Mrs. Komal Somani
Whole Time Director



Mr. Aipt Sharma
Nominee Director



**Mr. V Ramesh Kumar
Amudalapalli**
Independent Director



Ms. Pamela Kumar
Independent Director



Mr. Dhandapani T.G
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 and 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 1, 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 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.

V Ramesh Kumar Amudalapalli is an Independent Director of our Company. He holds a master's degree in technology from Osmania University. He has over 20 years of experience in technology management and software development. Previously, he was associated with ICICI Bank Limited as the Technology Head – Technology Management Group, Software Development Group and Purchase Order Processing & Payments.

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.



BOARD'S REPORT

FY 2021-22

Dear Members,

ESDS Software Solution Limited

Your Directors have pleasure in presenting the Seventeenth 17th Annual Report ("the Report" / "this Report") along with audited financial statements of your Company, for the financial year ended March 31, 2022.

1. Financial Results

The financial performance of your Company for the year ended March 31, 2022 is summarized below:

(₹ in Millions except EPS)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Total Receipts / Gross Sales and Operating Income	1,978.97	1,750.27	1,986.91	1,741.01
Profit Before Depreciation, Tax and Exceptional Items	487.40	493.64	443.02	461.59
Depreciation and Amortisation Expenses	420.76	373.75	429.47	373.93
Profit/(Loss) Before Tax & Exceptional Items	66.64	119.89	13.55	87.66
Exceptional Items	31.64	-	(35.00)	-
Provision for Taxation	10.59	32.81	5.16	32.81
Profit/(Loss) after tax	21.95	87.08	(26.62)	54.85
Other Comprehensive Income	2.34	0.23	2.34	0.23
Share of Profit/(Loss) of subsidiaries transferred to Non-controlling Interest *	-	-	-	-
Total Comprehensive Income (post non-controlling interest)	23.39	87.31	(24.28)	55.08
Earnings per Equity Share (EPS)				
Basic (face value ₹ 1/- each)	0.26	1.67	(0.27)	1.03
Diluted (face value ₹ 1/- each)	0.26	1.56	(0.27)	0.96

* Applicable only in case of consolidated financial statements.

Performance of the Company during FY 2021-22

Initial Public Offer (IPO) of Equity Shares :

During the year under review, your Company initiated the procedure of initial public offer (IPO) of its equity shares aggregating an amount upto ₹ 3,220 million comprising of fresh issue and Offer for Sale (OFS) upto 21,525,000 equity shares comprising shares held by promoter and investors. The Company had filed Draft Red Herring Prospectus (DRHP) with Securities and Exchange Board of India (SEBI) for its approval. The Company had received SEBI approval of 6th December 2021 to float initial public offer from the Capital Market.

Axis Capital Limited and IIFL Securities Limited are the book-running lead managers and Link Intime is the registrar to the issue.

The DRHP is available on Company's website i.e. on www.esds.co.in and SEBI website i.e. https://www.sebi.gov.in/sebi_data/attachdocs/sep-2021/1630908798751.pdf

Projects update:

For FY-22, our existing customers like L&T, EDF, and Tech Mahindra have scaled up their businesses with ESDS & there has been a significant jump in the revenue recognition from these customers in FY-22. Additionally, we have onboarded some large organizations for our business services. Though our Data Center, business has been on standby for the last couple of years now, that business has also kicked up big time. Two big orders, the CERT-In and the MEA orders were bagged in the previous year, delivering ₹ 17 Crore revenue this fiscal and a minimum of ₹ 14 Crore revenue in the next financial year.

A couple of other enterprise orders were also bagged last year, and those all have been delivered, and revenue recognition of the same has started. PFC, the Power Finance Corporation order, and a couple of other smart metering orders, which are big ticket orders that we onboarded last fiscal, are some of the other orders which have been delivered, and revenue recognition has been started for these orders. With these big orders we concluded last fiscal and now we are witnessing a revenue jump. In this September 2022, we are on the verge of crossing ₹ 30 Crores monthly billings as compared to ₹ 15 Crore monthly billing in the month of September 2021 and we are hopeful that in the coming months we will be able to close with billing of more than ₹ 30 Crore on an average per month.

A complete detail about the Company's services / products are given in Management Discussion and Analysis Report forming part of this Annual Report.

Awards and Recognitions received by the Company during the year:

Particulars	Name of the Award / Recognition
ESDS won Aegis Graham Bell Award at the 12th Aegis Graham Bell Awards in the category of "Combat Covid19 with Artificial Intelligence"	Aegis Graham Bell Award
ESDS Received India Patent (Patent No: 397708) for the novelty of ESDS's approach toward Vertical Auto-scalability in Cloud Comp.	India Patent
Mr. Piyush Somani, Chairman & Managing Director, won the Most Promising Business Leaders' of Asia 2022 award by ET Edge-An Economic Times Initiative	Asia's Most Promising Business Leaders Award 2022
Ms. Komal Somani, Whole-time Director, won CMO of the year award at the 20th Star Nite Award 2021 held by VARINDIA	CMO of the year Award
White Page International recognized Mrs. Komal Somani as one of the 100 Inspirational Leaders of Asia in commendation for her exemplary achievements and immense contribution to the growth of the organization.	Inspirational Leaders of Asia 2022

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Business and Operations Review:

Our revenue from operations increased by 12.39% to ₹ 1,932.34 million in Fiscal 2022 from ₹ 1,719.27 million in Fiscal 2021, due to increase in sales of cloud hosting and managed services and technical support services. Such increase was offset by sales of cloud hosting related products, from which, during Fiscal 2021, we did not derive any revenue. 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, 2022, the Gross Fixed Assets & Intangible Assets stood at ₹ 2902.89 Million which include CWIP and net fixed assets and net intangible assets at ₹2133.35 Millions. Additions during year amounted to ₹ 295.85 Millions.

Employee Benefit Expenses:

Employee benefit expenses increased by 17.37 % to ₹ 680.41 million in Fiscal 2022 from ₹ 579.69 million in Fiscal 2021. 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 Bengaluru 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 increased to ₹ 340.32 million from previous year's ₹ 138.24 million.

In accordance with the 4th 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. Further, as per the 5th 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. 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 31st March 2022, 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 31st March, 2022, the Company's paid-up Equity Share Capital stood at ₹ 91.57 Million, consisting of 9,15,71,685 fully paid-up equity shares of ₹1/- each.

During the year under review, Mrs. Sarla Somani, out of 24,80,000 Equity Shares of ₹ 10/- each, had transferred 1 Equity share of ₹ 10/- each to Ms. Komal Somani, Ms. Prajakta Somani and Ms. Pooja Somani on 1st June 2021.

The Board of Directors and shareholders of the Company at their meeting held on 26th July 2021 by way of special resolution approved stock split of one equity share having face value of ₹ 10/- each into 10 equity shares having face value of ₹ 1/- each. Further in addition to the aforesaid the members agreed to increase the authorised share capital and altered capital clause of Memorandum of Association.

Post stock split, she transferred 2,07,50,000 and 22,00,000 equity shares of ₹ 1/- each to PO Somani Trust and ESPO Trust 2021 respectively on 30th August 2021 and 2nd September 2021. Further, in view of Pre-IPO sale and pursuant to Offer for Sale approved by the Board and Shareholders for filling Draft Red Herring Prospectus, she transferred 1,05,455 equity shares to prospective investors on 30th March 2022.

During the year under review and pursuant to Board approval dated 3rd December 2021, (i) 17,21,281 CCCPS of ₹ 100/- each held by South Asia Growth Fund II, L.P. were converted into 1,72,12,810 equity shares of ₹ 1/- each; (ii) 6,30,196 CCCPS of ₹ 100/- each held by GEF ESDS Partners, LLC were converted into 63,01,960 equity shares of ₹ 1/- each; (iii) 5,64,232 Class A CCPS of ₹ 100/- each, 1,61,800 Class B1 CCPS of ₹ 100/- each, 6,73,591 Class C CCPS of ₹ 10/- each and 4,58,977 CCDs of ₹ 479/- each, all held by South Asia Growth Fund II Holding, LLC were converted into aggregate 87,79,368 equity shares of ₹ 1/- each; (iv) 3,634 Class A CCPS of ₹ 100/- each, 1,042 Class B1 CCPS of ₹ 100/- each, 4,339 Class C CCPS of ₹ 10/- each and 2,957 CCDs of ₹ 479/- each, all held by South Asia EBT Trust (through Orbis Trusteeship Services Private Limited) were converted into aggregate 56,547 equity shares of ₹ 1/- each.

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Further, pursuant to Board approval dated 3rd December 2021, 70,00,000 equity shares of ₹ 1/- each were allotted to existing shareholders on rights basis on 12th December 2021.

3. Other / Debt Securities:

The Company had allotted 300 unrated, unlisted, secured, 12% Non-Convertible Debentures ("NCDs") of ₹ 1 Million each amounting to ₹ 300 Million for the tenure of 1 years 1 month during FY 2021-22. The Debentures were allotted to Axis Structured Credit AIF I 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 31st March, 2022. However, the Company on 25th May, 2022, has fully pre-redeemed the NCDs and paid interest accrued as on the date of redemption.

The details of the Debenture Trustee are given below:

Name of Debenture Trustee	Axis Trustee Service Limited
Address	The Ruby, 2 nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai – 400 028
Tel.	022-62300451
Fax	022-62300700
Website	www.axistrustee.com

4. Dividend:

During the year under review, your Company, subject to approval of Shareholders at ensuing Annual General Meeting, had declared Dividend at the rate of 0.01% per CCCPS of face value of ₹ 100/- each for the Financial Year 2018-19, 2019-20 and 2020-21 to the CCCPS holders as on 31st March 2021 out of the profits of FY 2020-21. The total outflow on account of dividend during the year will ₹ 76,766.

The Board of Directors has not recommended any dividend this year 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.

6. Public Deposits :

During the financial year 2021-22, your Company had not accepted any deposit within the meaning of the provisions of Section 73 of the Companies Act, 2013 ("the Act") read with the Companies (Acceptance of Deposits) Rules, 2014.

7. 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.

8. Policies / Codes of the Company:

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

9. Subsidiaries:

The Company has 4 (four) subsidiaries (2 Indian and 2 Foreign) as on 31st March, 2022.

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.

There was no material subsidiary during the period under review in accordance with the Regulation 24A of the Listing Regulations. The Company's Policy for determining Material Subsidiaries is available on the website of the Company, www.esds.co.in.

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.

10. 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 and Regulation 19 of the SEBI (LODR), 2015 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.

The Remuneration Policy has been also hosted on the website of the Company www.esds.co.in.

11. Directors and Key Managerial Personnel:

In view of the IPO and complying with the provisions of SEBI (ICDR) Regulations 2018, 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”) and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations”), with an appropriate combination of Executive, Non-Executive and Independent Directors.

As on 31st March, 2022, the Board of Directors of your Company comprised of 2 (two) Executive Director and 4 (four) Non-Executive 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) Mrs. Sarla Somani tendered her resignation from the Board of the Company effective from 28th July, 2021.
- b) Ms. Komal Somani was appointed as an Additional Director and subsequently as Whole-time Director on the Board of the Company with effect from 28th July 2022;
- c) Mr. T. G. Dhandapani was appointed as an Additional Director (Independent) on the Board of the Company with effect from 28th July 2022;
- d) Mr. V. Ramesh Kumar Amudalapalli was appointed as an Additional Director (Independent) on the Board of the Company with effect from 28th July 2022;
- e) Ms. Pamela Kumar was appointed as an Additional Director (Independent) on the Board of the Company with effect from 28th July 2022;
- f) Ms. Uma Manoj Mandavgane was appointed as an Additional Director (Independent) on the Board of the Company with effect from 28th July 2022;

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

During the year under review, Mr. Aniket Khandelwal was appointed as Company Secretary and Compliance Officer of the Company with effect from 7th August 2021.

In accordance with the Articles of Association of the Company and the provisions of the Section 152 of the Companies Act, Ms. Komal Somani (DIN: 08477154) will retire by rotation at the ensuing 17th Annual General Meeting (“AGM”) and being eligible, has offered herself for re-appointment. The necessary resolutions for re-appointment of Ms. Komal 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 and Regulation 25(8) of the SEBI Listing Regulations, 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 Regulation 16(1)(b) of the SEBI (LODR) Regulations 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 01st 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, 2022 are Mr. Piyush Somani–Managing Director; Ms. Komal Somani, Whole-time Director, Mr. Sandeep Mehta, Chief Financial Officer and Mr. Aniket Khandelwal, Company Secretary.

Post 31st March 2022 till the date of this report, Mr. Sandeep Mehta, CFO and Mr. Aniket Khandelwal, Company Secretary of the Company resigned with effect from 19th May 2022 and 15th June 2022 due to their pre-occupation. The Company has appointed Mr. Prasad Deokar as a Company Secretary and Compliance Officer of the Company with effect from 13th July 2022. The Company is in process of identifying and appointing appropriate candidate for the post of Chief Financial Officer and the vacancy will be filled within the statutory time line.

12. Annual Evaluation of Board's Performance:

The Nomination & Remuneration Committee carried out annual performance evaluation of the Board, its Committees and Individual Directors for the financial year 2021-22 at their meeting held on 08th April, 2022. During the financial year under review, the Independent Directors of your Company in separate meeting held on 22nd March, 2022 without presence of other Directors and management evaluated performance of the Chairman, Managing Director and other Non-Independent Directors along with performance of the Board/Board Committees and other senior management members.

The evaluation of the performance of the Directors was done through discussions, the criteria of which included, inter alia, board structure, contributions made at the Board meeting, attendance, instances of sharing best and next practices, domain knowledge, vision, strategy, engagement with senior management.

13. Number of Meetings of The Board

The Board met 16 (sixteen) 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.

14. Directors' Responsibility Statement :

Pursuant to Section 134(3)(c) 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, 2022, 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, 2022 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; 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.

15. 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.

Since the Company is in process of IPO, the Board of Directors in its meeting held on 07th August 2021 had approved the policy for Familiarisation programmes for independent directors. Till the date of this report, the Company did not conduct any familiarization programs for its Independent Directors during FY 2021-22. The Company shall conduct such programs during FY 2022-23 or post its IPO to make them aware of the nature of the industry and their roles, rights, responsibilities.

16. 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 (15th) Annual General Meeting ('AGM') of the Company held for FY 2019-20 till the conclusion of the Twentieth (20th) 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 2021-22 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 FY2021-22 except the following:

Remark:

Discrepancies has been identified with regards to charge filing by the company of the numbers of loans for which the charge was needed to be created could not be found in the records of Ministry of Corporate affair.

Reply:

The Company could not file e-form CHG-1 for creation of Charge in favour of new lender since the existing consortium Lenders did not provide No Objection Certificates ("NoCs") for creating security over the assets of the Company on parri-passu basis. Post disbursement of the loan amount, the Company rigorously followed up with the existing consortium Lender for providing NoC and allowing to file the Charge form. However, the procedure could not be done within due time.

The Company still endeavour to file the Charge form with all necessary compliances and procedures once the Company is in position to sort out the details of documents executed with new lender and existing consortium Lenders.

Remark:

The Company had declared preference dividend on preference share amounting to Rs.76,766/- for the year 2018-19, 2019-20, 2020-21 in the AGM dated 29th November,2021. As on the date of this report, the dividend amount was not transfer into a separate bank account and was neither paid to preference share holder.

Reply:

The Company had taken necessary approvals for opening and transferring the amount of dividend to the separate bank account and subsequently for payment to respective Preference Shareholder. Immediately after declaring the dividend, the Preference Shares were converted into equity shares and in this process and inadvertently, the Bank Account could not be opened.

However, the Company had initiated the process of opening the Bank Account and transferring the amount of dividend to that account and thereof making payment to respective Preference Shareholders.

d) Internal auditors:

M/s. Chordiya and Associates, Chartered Accountants had been appointed as Internal Auditors of the Company for FY2021-22 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.

17. Deposits from public:

During the financial year 2021-22, 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.

18. 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, 2022.

19. 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.

During the financial year 2021-22, 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 2021-22, 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.

20. 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-22.html#book/>

21. 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.

22. 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>

23. 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.

24. 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 2021-22:

No. of complaints at the beginning of the year 2021-22	: NIL
No. of complaints received during the year 2021-22	: NIL
No. of complaints disposed off during the year 2021-22	: NIL
No. of complaints at the end of the year 2021-22	: 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.

25. Management Discussion and Analysis:

Management Discussion and Analysis to the extent applicable, is given in a separate section forming part of this Report.

26. Corporate Governance:

The report on Corporate Governance as stipulated under the LODR 2015 and to the extent applicable, forms an integral part of the report and the requisite Certificate duly signed by the Practising Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the report.

27. 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.

The Company was required to spend Rs.3.80 million on CSR activities for FY2021-22. The Company had spent entire amount during FY2021-22.

The CSR activities for the financial year ended March 31, 2022 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.

28. 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	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.

(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 in-take 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 across the entire building guarantees minimized direct sun light penetrating into the building, thus reducing the energy required for air-conditioning</p>
(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".

As of March 31, 2022, our R&D team comprises of 174 members. For Fiscals 2021, 2020 and 2019, our R&D expenses, comprised of 5.34%, 4.98% and 2.40% of our total revenue generated during the respective periods. R&D expenses primarily comprise of employee salaries.

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.

29. 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.

Employees Stock Option Schemes:

During the financial year ended March 31, 2022, 1,010,500 equity shares were allotted by the Company to AGSTTL Employees Welfare Trust (ESOP Trust) for enabling exercise of vested options by employees under Employees Stock Option Scheme 2012 (ESOS 2012) and Employee Stock Option Scheme 2015 (ESOS 2015). The Shareholders of the Company have approved amendments to ESOS

2012 and ESOS 2015 in compliance with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 [“SEBI SBEB Regulations”].

Employee Stock Option Scheme – Esds Esos 2021:

The Company instituted the ESDS ESOS 2021 pursuant to resolutions passed by the Board and the Shareholders, each dated 7th August 2022 and 9th August 2022 and amended on 27th 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 25,00,000 (“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 12th 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 30th August, 2022, 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 30th August 2022.

ESDS ESOP 2021 is administered by the ESOP Trust. Pursuant to a shareholders’ resolutions dated 7th August, 2021 and 27th August 2021, the Board of Directors in its meeting held on 3rd 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 31th March 2022 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: Nil
- 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, 2022: 20,45,000.

30. 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.

31. 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.

32. 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 2021-22 and the date of this Report.

33. 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.

34. Compliance With Secretarial Standards

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

35. 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 hardwork, 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 22, 2022

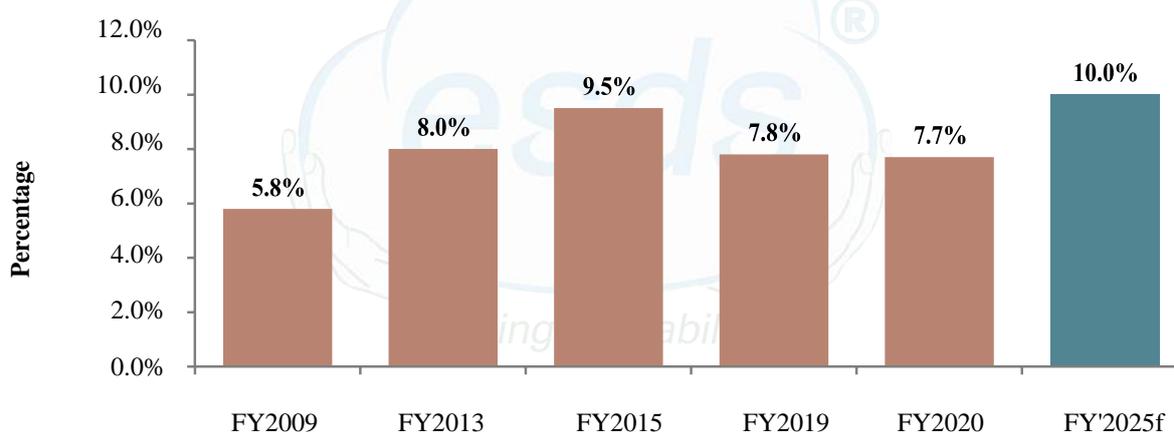


MANAGEMENT'S DISCUSSION AND ANALYSIS

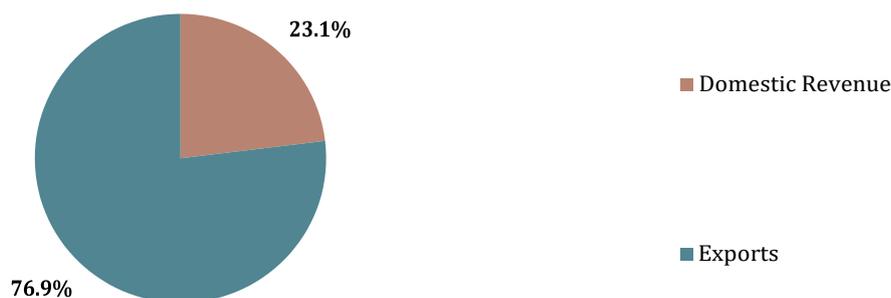
Overview of IT/ITES sector in India:

One of the predominant factors that has resulted in the increasing value contributed by the services sector to the GDP is the IT/ITes sector, which is valued at USD 49 billion (domestic revenue) and USD 178 billion (export revenue) as at end of Fiscal 2022. As of 2022, India's IT workforce accounts for 4.81 million employees. It is further expected that IT spending in India could reach US\$ 114.9 billion in 2022 (7.7% growth year on year) and further increase to US\$ 128.5 billion in 2023, driven by rapid digitization and the IT industry's timely transition to remote working environments that helped to keep up the industry's growth. It is forecasted that the contribution of IT industry to India's GDP will reach 10% by Fiscal 2025.

The following illustration demonstrates the contribution of the IT/BPM sector to India's GDP (in %) between Fiscals 2009 and 2020 and the forecast for Fiscal 2025



The following illustration demonstrates the import and export revenue (in %) of the IT/BPM sector during Fiscal 2022



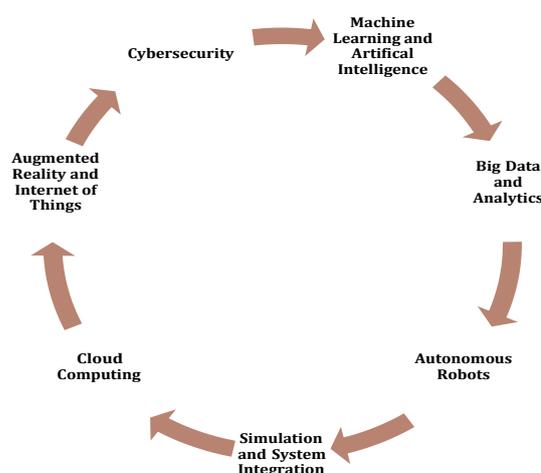
India had a Data Centre capacity of 100MW in the year 2015, which has reached 1000MW in the year 2022. With the current growth rate, Analysts have projected Indian Data Centre power consumption to surpass the power usage of American Data Centres in next 5 years, which would be 3GW in next 5 years.

Consolidated Cloud revenue of Indian Cloud service providers was \$500M in 2016, which has now touched \$7 Billion in FY22. This is expected to grow at a CAGR of 40% over next couple of years.

The role of cloud and data centre industry in the goal of achieving a USD 5 trillion economy:

In July 2015, the Government of India launched a ‘Digital India Programme’, with a vision of propelling the efforts to transform India into a digitally empowered society and knowledge economy. Further, it was envisaged that the digital ecosystem could generate economic value of USD 1 trillion, which would play a crucial role in achieving the USD 5 trillion economy target by 2025. As part of the program, the Government identified 30 digital themes across different sectors such as agriculture, healthcare, education, energy, digital payments etc., which relies on a 21st century IT/ITES, highlighting opportunities for increased adoption of digital technologies.

The wave of IT adoption led by cloud computing, has allowed firms to transform the backend operations, resulting in enhanced value proposition for the customers. Cloud service gives companies of any size access to technological capabilities, which were previously accessible to large enterprises only. In India, the industry has gained momentum with more than 200 data centers and more than 10 cloud operators, targeting an industry market size of USD 8 billion in Fiscal 2023.



The following illustration demonstrates the key technologies shaping the “Digital Transformation of India”.

The impact of Covid-19 in the acceleration of the cloud services market:

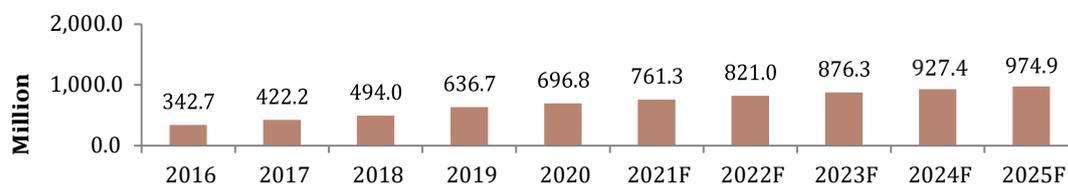
The cloud services market in India was undergoing a cloud transition phase, which got accelerated by the perpetuation of Covid-19 in 2020. During the first quarter of 2020, spending of enterprises on cloud infrastructure increased by ~35%, compared to the fourth quarter of 2019. The shift of work culture from office set-ups to virtual work generated the urgent need of secure, reliable, scalable, and cost-effective technology services across the country. SaaS has been a huge support for the sudden increase in the mobile workforce in 2020. The Indian cloud infrastructure witnessed a y-o-y growth of around 15% by the end of 2020.

The hybrid cloud witnessed the majority investment as compared to public and private cloud model during the pandemic. In accordance with Enterprise Cloud Index report, over 65% of Indian organizations, due to Covid-19, increased their investments in hybrid cloud.

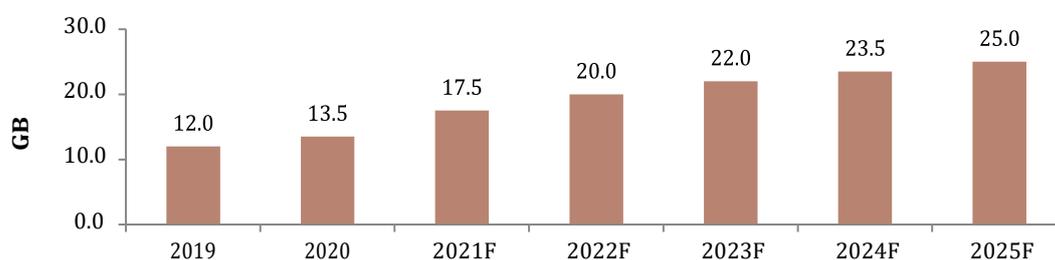
As per the IT spending survey, more than 65% of India's enterprises have realized the benefits of opting for cloud in terms of acquiring new clients, serving the existing customer base and achieving good profitability. ~81% of corporate organizations have adopted cloud services in the wake of the pandemic, with the implementation of work from home culture. Since the outbreak of the pandemic, the Indian organizations have become more data driven in terms of their decision making; thereby leading to the growing use of cloud technology to make optimal utilization of insights from data. The demand for adoption of cloud computing for application by the educational institutions has also gained momentum during the pandemic period.

Factors Driving Growth

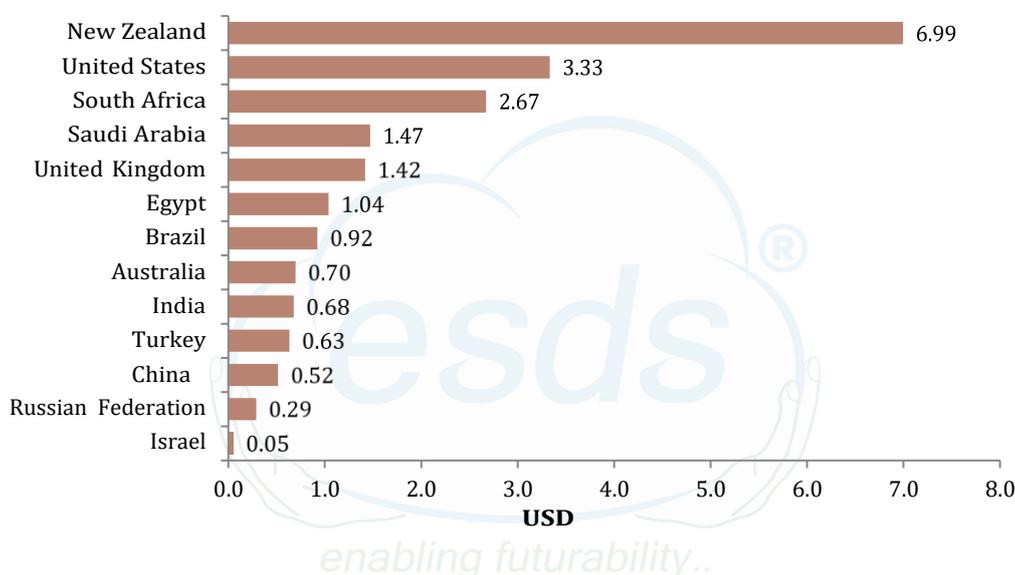
The following illustration demonstrates the number of internet users in India (in million) during 2016-2025 (estimates)



The following illustration demonstrates the average volume of data generated per user - monthly, 2019-2025 (estimated)



The following illustration demonstrates the cost comparison of 1GB data among select countries, 2021



Outlook of IT/ITES sector in India:

The IT/ITES sector is the largest employer within India's private sector and its revenue is estimated to reach US\$ 194 billion in Fiscal 2021, an increase of 2.3% year on year. In Indian Budget of 2021, the Government of India allocated USD 7.3 billion to the IT and the telecom sector and has also provided tax holidays to the IT sector for Software Technology Parks of India and Special Economic Zones. As of February 2020, there were 421 SEZs across the country, out of which 276 belonged to the IT/BPM sector.

The push towards cloud services has boosted hyper-scale data centre investments, with global investments estimated to exceed ~US\$ 200 billion annually by 2025. India is expected to gain a significant share in the global market, with the country's investment expected to hit ~US\$ 5 billion annually by 2025. Further, the accounting of revenue expected to be gained from digitally underserved MSMEs of India could further provide a major boost to the IT sector. Even small firms in the unorganized sector are realizing the need to have an all round run time of mission critical

applications, digital customer acquisition and servicing tools, which has been further accentuated by COVID-19. Backed on key technologies of artificial intelligence, machine learning, big data and analytics, IoT, the IT/ITes sector in India is expected to benefit immensely from the increased adoption across end-user firms of all types and sizes.

Overview of ESDS Software Solution Limited:

We are amongst India's leading managed cloud service and end to end multi-cloud requirements provider. We have built a comprehensive cloud platform which our customers rely on, consisting of cloud infrastructure, well-architected solutions aimed at reducing cost and providing safety, flexibility, scalability and reliability to enterprises compared with the traditional on-premise IT models. As part of our portfolio, we offer:

- **Cloud Computing Infrastructure as a Service (IaaS)** which includes our patented vertically auto scalable cloud technology platform, "eNlight Cloud";



- **Software as a Service (SaaS) and Managed Services**, which include,
 - (i) SaaS which is a software distribution model wherein we host applications on cloud platforms and make them available to end users on periodic subscription model, allowing clients to develop, run and manage applications, and
 - (ii) Managed Services, through which we offer several services enabling companies to optimise and modernise their cloud environment, secure their data and migrate their legacy data on cloud environments, and fully manage it on a day to day basis.

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SaaS Paas On Click

We believe such a diversified portfolio positions us as a “one stop shop” for our customer’s cloud adoption. We also serve our customers with differentiated billing models in India such as “pay-per-consumption”, “pay-per-branch” (for BFSI customers) and “pay-per-transaction”, which we believe helps in reducing our clients’ “Total Cost of Operation” (TCO). We operate our business on an asset light model, which comprises of ownership of computing hardware assets only, thereby allowing quicker scalability and reduced capital cost of operations. We offer our products across diversified industries that include government ministries & companies and corporate entities across sectors such as BFSI, manufacturing, IT and ITES, telecom, real estate, pharmaceuticals, retail and education and in several countries across the APAC region, Europe, Middle East, the Americas and Africa.

Our comprehensive IaaS cloud computing services portfolio includes public cloud, private cloud, virtual private cloud, hybrid cloud and various community cloud offerings. Our indigenously developed vertical autoscaling technology, which powers our IaaS “eNlight Cloud”, is patented in the United Kingdom and the United States of America. The eNlight Cloud adheres to international security standards and follows the concept of layered security to provide high level of data protection over hypervisor platforms. A hypervisor is a kind of emulator – a software, hardware or firmware that creates and runs virtual machines and allows one host computer to support multiple guest virtual machines by virtually sharing its resources, such as memory and processing. Our cloud customers are supported by our round the clock services team.

As part of our SaaS offerings, we provide software products and applications, hosted on our cloud platform, on annual, semi-annual, monthly or quarterly subscription model, which allow our clients to develop, run and manage applications and services. Further, we provide both in house and third party developed applications on a digital marketplace developed by us, namely “Spochub”. Spochub enables us and our software vendors to offer their solutions with custom packages to enterprise customers.

Our SaaS offerings include, among others, a comprehensive data center management and monitoring suite, vulnerability scanners, which are programs designed to assess computers, networks or applications for known weaknesses, web access firewalls, virtual private network (VPN) – for secure connectivity.

We collaborate with Governmental and public sector organisations to offer SaaS offerings and data center solutions, which we term as “G-SaaS”. As part of G-SaaS, we provide services that include document and data migration to cloud, software offerings on Spochub, data center management and back-up servers for disaster management. Smart city applications are software applications that help the Government to optimize their expenses, provide deployment of software services and ensure data confidentiality. Our G-SaaS collaborations include (a) partnering with a Government energy service company (ESCO) for implementing a smart metering project around various states in India, (b) collaborating on e-governance projects of certain ministries of the Government, (c) collaboration with several smart cities in India, to who we provide smart city solutions by hosting their data on our cloud platform.

Our Managed Services portfolio includes a diverse range of services to our customers, to complement day to day data management of IT services and cloud migration. As part of our managed services, we offer 24x7 IT support, data back-up and recovery, migration services database administration services, SAP Basis, SAP HANA administration, security operations centre (SOC) services, and disaster recovery services.

We operate our business through Four data centres in India, one each in Navi Mumbai, Nashik and Bengaluru and recently commenced Mohali Data centre. Our data centres cover, in aggregate over, 50,000 sq. feet across the three locations in India. Our data centres are connected on a 10 Gbps backbone network (backbone network is a part of a computer network which interconnects data centre locations), providing a secure path for the exchange of information between different local area networks (LANs) or subnetworks) and is backed up with state-of-the-art disaster recovery services. During the last three fiscal years, all our data centres, during their period of operation, have maintained an uptime of at least 99.995%. Our data centres have been granted “Tier III” status by QSA International Limited and have received Green IT Infrastructure Award at the Maharashtra IT Awards, 2010 held by the Department of Industries, Government of Maharashtra.

We offer our products across industries and a diversified customer base, which include clients from BFSI, healthcare, education, energy and utilities, real estate, IT and ITES, agriculture, manufacturing, entertainment and media and government departments. We believe our diversified customer base allows us to insulate ourselves from sector fluctuations and industry concentration risks.

We believe we have been able to specifically service co-operative banks, with our unique “pay-per-branch” billing model, which allows a bank to pay a fixed amount per month per branch and we manage their core banking software hosting and other managed services, together with our BFSI technology partners.

We attribute our growth to the strength and experience of our senior management team. Piyush Prakashchandra Somani, who is our Managing Director and Chairman, has over 16 years of experience in the information technology sector. He has been instrumental in expanding the operations of our Company in several international markets.

The following table sets forth certain key financial and operational metrics for our Company as at/for the periods indicated:

Metrics	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019
Total Income (in ₹ million)	1,986.91	1,741.01	1,605.34	1,375.41
EBITDA	582.00	638.05	517.23	471.46
EBITDA Margin	29.29%	36.65%	32.22%	34.28%
Profit after tax (in ₹ million)	(26.62)	54.85	9.35	138.12
Revenue from long term contracts (as a % of the total revenue for that respective year)	94.70%	92.88%	84.38%	88.53%
Revenue from existing customers (as a % of the total revenue for that respective year)	87.03%	88.53%	74.53%	69.22%
Revenue from new customers (as a % of the total revenue for that respective year)	12.97%	11.47%	25.47%	30.78%
New customers added (nos.)	352	406	318	297
Cloud computing fixed asset turnover ratio	-	0.89	1.28	2.00
Revenue from top 20 customers (as a % of the total revenue for that respective year)	48.55%	50.90%	53.63%	59.87%
Revenue from top 50 customers (as a % of the total revenue for that respective year)	67.96%	70.93%	73.79%	77.31%
Average revenue per customer (in ₹ million) ⁽¹⁾	26.55	24.39	23.40	20.96
Revenue from IaaS (as a % of the total revenue for that respective year)	50.85%	51.15%	52.99%	54.90%
Revenue from SaaS (as a % of the total revenue for that respective year)	25.27%	20.32%	23.08%	18.87%
Revenue from Managed Services (as a % of the total revenue for that respective year)	23.87%	28.52%	23.93%	26.23%

Note: Long term contracts refer to contracts of more than 12 months duration (including business from customers continuing for more than 12 months after contract renewals)

Competitive strengths

We believe that our competitive strengths include:

Comprehensive and integrated range of offerings that provide a “one stop shop” for managed cloud solutions to a diversified and marquee clientele.

Our business offerings provide a comprehensive range of solutions, which we believe provide a “one stop shop” for our customer’s cloud adoption, and is an important factor in customer acquisition, retention and sets us apart from our competitors. Our wide range of products include IaaS, SaaS and managed services.

Due to our comprehensive and integrated product range, we are able to provide services to our customers across initiation, implementation and post-delivery stages. At the initiation stage, we design tailored solutions based on our customer business needs and requirements. During the implementation process, we offer customers seamless cloud migration services. After delivery, we have regular client reviews to constantly improve our services. We also have a 24x7 technical support team who can respond to customer inquiries. Our service model allows us to service our customers on a continuous basis by providing support for their entire cloud-adoption and migration life-cycle. Our regular engagement also allows us to market and cross-sell our SaaS products and managed services to our customers. Such service model enables us to understand our customers’ needs in a timely manner and identify new business opportunities.

Innovative billing solutions that derive value to customers:

As part of our business model, we have introduced several billing solutions which we believe derive significant value to our customers. Such billing solutions include:

a. The “pay-per-consumption” billing model:

Due to our patented vertically autoscaling technology, we are able to scale the resources of our virtual machines automatically, based on the load demand, and invoice our customers specifically for such consumed resources. This billing model is in contrast to the “pay-per-use” billing model adopted by major competitors, pursuant to which the customer is charged for the virtual machines allocated to them by the cloud provider. Our “pay-per-consumption” billing model is aimed at increasing our operational efficiency and allowing us to compete with competitors.

b. The “pay-per-branch” billing model:

This billing model is used specifically by our co-operative banking customers. Under the “pay-per-branch” billing model, a bank pays a fixed amount per month per branch and we provide core banking on SaaS model to these banks bundled with the required managed services, in collaboration with our technology partners.

c. The “pay-per-transaction” billing model:

This billing seeks to bill customers per successful transaction.

Companies are under significant pressure to optimize the cost and performance, enhance the operational expectations and maintain high level of cyber security for their business. Consequently, we have observed that such businesses prefer migrating to a predictable cost model, such as our “pay-per-consumption” billing model, bundled with our end-to-end managed services. We believe that such innovative billing models have assisted in customer retention, scaling of operations and cross sell and upsell of services.

Leadership position in the industry with a proven track record

We are amongst India’s leading managed cloud service and end to end multi-cloud requirements provider. We have the largest number of banking customers in India which include more than 400 co-operative banks, district co-operative central banks and small banks. We are a market leader in hosting in Government cloud applications. We have the largest number of customers running SAP ERP system and SAP HANA systems.

We believe that we were able to achieve such leadership position through our patented technology, diversity of product offerings, Government empanelment and most importantly, a proven track record of executed contracts. We were the first company in India to introduce cloud computing, through the introduction of our in-house developed eNlight Cloud. We were one of the first companies in India to provide the vertical scaling facility to our customers. We have executed contracts such as BFSI community cloud contracts, smart city and metering contracts, and contracts with other public sector organisations. Further, we believe that our leadership position and such proved track record has allowed us to increase our customer base consistently over the years. As part of G-SaaS, we have also partnered with a Government ESCO for implementing a smart metering project around various states in India and worked on e-governance projects of certain ministries of the Government. In Fiscal 2021, 2020 and 2019 we serviced 1,388, 1,317 and 1,162 clients across all our product and service offerings.

As digital expansion continues to increase, with more companies becoming technology dependent, demand for data storage facilities is anticipated to increase. As a result, we are well poised to offer operators and enterprises future scalable potential of large capacities.

Strategies

The key elements of our business strategy are as follows:

Capitalise on the rising adoption of cloud in India and across international markets.

Enhance collaboration with our partner ecosystem.

Provide a comprehensive suite of offerings on our SaaS digital marketplace “Spochub”.

Products and services

What is a cloud:

Cloud computing is the on-demand availability of computer system resources, especially data storage (cloud storage) and computing power, without direct active management by the user. Cloud computing is used to describe data centres that are available to users over the internet. The technology used in cloud computing is the virtualization software, which separates physical computing device into one or more "virtual" devices, each of which can be used and managed to perform computing tasks. Virtualization provides the agility required to speed up IT operations and reduces cost by increasing infrastructure utilization.

IaaS Portfolio:

The IaaS model specializes in delivering cloud computing infrastructure as an on-demand service. IaaS are self-service models for accessing, monitoring and controlling remote data centre infrastructures like storage, networking, networking services etc. The role of an IaaS service provider is to provide the basic infrastructure necessary for hosting cloud applications. A subscriber has control over the processing, storage and platform related choices. IaaS solutions are highly flexible, scalable and is accessible by multiple users.

Public cloud:

Public cloud is a public, hyperscale, multi-tenant platform where computing services can be reserved or rented on demand. These resources are available over the internet and allow customers to provision and scale services instantly without the time and cost associated with purchasing dedicated infrastructure. Applications, storage and other resources are shared by multiple customers. Our public cloud “eNlight” is based on a technology that we developed inhouse and is patented in the UK and the United States of America.

eNlight offers a cloud computing environment that allows vertical autoscaling and bills customers through the “pay-per-consumption” billing model. eNlight is built on multiple layers of security and is therefore able to deliver enterprise-grade security. Through a web-based control panel, customers using our public cloud manage and monitor their cloud infrastructure.

Private cloud:

A private cloud is cloud infrastructure operated solely for a single organization and operates on a dedicated infrastructure. We offer private cloud services to customers who propose to migrate their business and corporate data on a secure, customizable and flexible cloud platform, without capital investment required for maintaining a “on premise” cloud environment. Our private cloud platform allows organizations to have full control of their cloud environment, located in a data center which has been granted TIA-942-B Tier 3 compliance status by QSA International Limited. Built on the eNlight cloud platform, we believe that our private cloud is able to offer solutions for any type of workload, with high levels of security and privacy. Our private cloud is aimed at organizations that require a dedicated IT environment with round the clock technical support, which is offered by our managed services team.

Virtual private cloud:

A virtual public cloud functions like a private cloud that run on public or shared infrastructure. The virtual private cloud isolates one user’s resources from another’s using an individualized, private IP subnet or a virtual local area network. Our virtual private cloud is a secure, isolated cloud, derived from a public cloud system, providing higher levels of data security and granular control in the hands of our customers. Our virtual private cloud customers have full control over their cloud environment, without going out of our secure internal network, through a layer of virtual network isolation. A feature of our virtual private cloud is “Cloud Burst”, which allows enterprises to deal with peaks in IT demands. Our virtual private cloud is supported by round the clock technical support. Our virtual private cloud is geared towards offering cost benefits to customers, as it is part of a public cloud and therefore seeks to capture the economies of scale.

Hybrid cloud:

A hybrid cloud model includes a combination of private and public cloud offerings. It is a composition of a public cloud and a private environment, such as a private cloud or on-premises resources, that remain distinct entities but are bound together, offering the benefits of multiple deployment models. The ESDS eNlight hybrid cloud is a combination of our public cloud and private cloud offering. We believe it provides an intelligently scalable and secure platform by prioritizing workloads between public and private cloud platforms.

Like our virtual private cloud, our eNlight hybrid cloud also includes “Cloud Burst”, a feature which permits applications to migrate on our public cloud, when necessary, thereby avoiding interruptions. Applications hosted on a private cloud can “burst” into our public cloud during such peaks, thereby avoiding interruptions. Our hybrid cloud is also supported by round the clock technical support.

Community cloud:

A community cloud is a virtual infrastructure which is shared between several organizations from a specific community with common concerns (security, compliance, jurisdiction, etc.). We were the first cloud service provider in India to offer community cloud services, provided on multi-tenant model to a group of organizations that have similar business model and requirements, such as data privacy, security, compliances and regulatory. We offer community clouds for the Government, banking & financial services, SAP/ HANA, smart cities and enterprises.

Government community cloud :

Government institutions in India are increasingly migrating their workloads on cloud as their existing legacy systems are not scalable and secure. Recognizing such challenges, we built a cloud platform that is used by over 200 Government institutions in India. This platform is empanelled with the MEITY and audited by the STQC.

BFSI community cloud:

Our BFSI community cloud is a customizable platform, which supports core banking solutions, hosted banking solutions, security services and emerging technologies. As of June 30, 2022, the cloud is used by more than 400 banks and financial institutions across India. The cloud is vertically auto scalable and is managed by round the clock technical support.

SAP HANA community cloud:

SAP HANA (high-performance analytic appliance) is an in-memory database, developed by SAP SE, whose primary function is to store and retrieve data as requested by the applications. SAP Basis administrators are responsible for ensuring continuous communication between systems, scheduling, upgrading and installing system upgrades, backups, etc. We have developed a community cloud that offers SAP HANA systems on cloud. Our cloud is certified by SAP SE in SAP HANA operations and cloud and infrastructure operations. As of June 30, 2022, we offer our SAP HANA cloud services to over 160 organisations across multiple industries.

SaaS Portfolio and Managed Services:

Our SaaS portfolio includes both in-house and third party developed applications, which are hosted on our cloud platform and our digital marketplace Spochub.

In-house developed SaaS include:

- “eMagic” – a comprehensive data center management and monitoring suite,
- “VTMscan” – a vulnerability scanner, which is a computer program designed to assess computers, networks or applications for known weaknesses,
- “eNlight WAF” – a web access firewall,
- Web VPN – for secure connectivity,
- “eCOS” – for object storage,
- “eNlight IoT” – an indigenously developed IoT platform,
- “eNlight Meet” – a communications solution for virtual meetings,
- “eNlight SIEM” – for incident and event management,
- “AA+” – an artificial intelligent/ machine learning based lung disease detection through X-Ray scan.
- “eNlight DRM” – a disaster recovery monitoring solution
- “eNlight360” – a hybrid cloud orchestration solution
- IPAS ERP developed for governance and planning of budgets for a state.

enabling futurability..

Our SaaS offerings also include (a) cyber attacks prevention and detection software (b) loan origination platforms, that provide comprehensive customer information analysis to reduce credit and operational risks for loans, tracking of loans, disbursement, recovery and documentation. (c) end to end healthcare management systems, (d) agricultural technology ecosystems, through which farmers are connected to stakeholders, (e) mobile enabled end-to-end education management system, and (f) digitization and archival of documents software.

G-SaaS

Across the world, government departments have initiated automation of business and IT processes through Government SaaS or PaaS initiatives, aimed at digitalization of services. Such digitization initiatives have been accentuated by the COVID-19 pandemic, increase in the use of mobile phones, rapid increase in subscription based cloud services, increase in use of biometric authentication, regulatory enforcement of individual privacy, etc. Government institutions are increasingly also migrating their workloads on cloud because their existing legacy systems are not scalable and secure. This platform is empanelled with the MEITY and audited by the STQC.

We are authorised to offer our products and services on the GEM portal of the Government of India. Such authorisation is a pre-condition, subject to certain exceptions, for a cloud computing and data center management company to offer their products and services to the Government. As part of our offerings to such Governmental agencies, we provide (a) data center and disaster recovery services, (b) software services, and (c) Spochub.

As part of our G-SaaS offering, we provide our smart city cloud, located across our data centers, which allows smart cities to process citizen data for enhanced decision making. We have collaborated with various system integrators to provide solutions and technologies in smart cities for implementing various smart city solutions. Through our GEM portal of the Government of India, we are authorized to serve the Indian Government with our cloud services.

As part of our smart city engagements, we have collaborated with a smart city in Maharashtra and its municipal corporation, in order to migrate the on-premise application on cloud services. We also extend support to the municipal corporation for several civic applications, in collaboration with system integrators. The smart city project is hosting over 40 heterogeneous IT applications on our cloud technology, which include payment of taxes online, obtaining NOCs and participating in online tenders, etc. As part of G-SaaS, we have also partnered with a Government ESCO for implementing a smart metering project around various states in India and worked on E-governance projects by certain ministries of the Government.

As part of our managed services, we offer:

a. 24×7 IT Support:

our network of IT support staff is available round the clock for IT support related to infrastructure, applications, databases, networking and security.

b. Availability of technical staff and IT infrastructure:

we offer the services of technical staff to customers, as well as built-in failover mechanisms to keep solutions operational, in the event of a system failure or disaster.

c. Data back-up and recovery:

we provide various types of managed backup and recovery services including high performance backup, portable backups, multi-point replications of data, file system level backups, disk based for long term archival, object storage, and other related services.

d. Migration services :

we offer services to migrate an organization's data and business on cloud as well as cross platform services, which reduces business costs related to maintaining on-premise servers. A cross-platform or multiplatform software is a type of application, program or software that works on various operating systems or devices.

e. Database administration services:

which include multiple database requirements such as database integration, maintenance, monitoring, optimization, upgrade and performance tuning.

f. SAP Basis, SAP HANA administration:

We offer SAP Basis support for maintenance and lifecycle administration of SAP infrastructure. Our SAP Basis support team focuses on implementation, maintenance, monitoring and upgradation of SAP systems. We also provide support for solution management and disaster recovery setups for SAP HANA and non-HANA landscapes.

g. SOC services:

A security operations center or "SOC" is responsible for detecting, preventing, investigating, and responding to cyber threats. Our SOC service includes (i) providing our customers with a Tier III cloud infrastructure, (ii) "Eagle Eye Services", which is a subscription-based cyber security monitoring service, (iii) VPN solutions for remote access of data, (iv) securing of digital identity of businesses with enhanced web security.

h. Disaster recovery service:

we collaborate with our customers to strategize disaster recovery plans, analyse risks, business impact, and ensure bespoke system recovery. We assume responsibility for implementing the disaster recovery plan in the event of a crisis.

Technology and Business Collaboration Partners:

We adopt a "go-to-market" strategy, by collaborating with third party IT companies to deliver customers with bundled solutions. Such collaboration is aimed for both parties to maximize their technologies, align synergies, reduce the time-to-market and be more competitive in terms of pricing as well as innovation. Some of our significant partners include:

STPI:

We have partnered with STPI, an autonomous society under the Ministry of Electronics and Information Technology, Government of India to provide digital services, SaaS services and digital platforms to Government entities on a subscription-based payment model. The services are offered through our data center in Bengaluru, which has been jointly developed with STPI on a public-private partnership basis with revenue sharing pursuant to a master services agreement entered into with STPI. The facility provides server co-location, cloud services and managed IT services to various sectors.

We also collaborate extensively with multiple technology and business collaboration partners to offer our data center, cloud and managed services, which assists in execution of such Government contracts. Together, with few of these partners such as Larsen and Toubro Limited and EDF India Private Limited we have undertaken a number of smart metering and smart city projects, which include the smart metering project for 5 million smart meters in Uttar Pradesh.

We have formed consortiums with certain companies to cater to clients in the banking sector wherein cloud services have been outsourced to us by such companies. We have also collaborated with certain companies to host SAP HANA (which is an in-memory database, designed to handle transactions and analytics) on our eNlight cloud. Such companies offered implementation and functional aspect of such hosting and we provided the infrastructure and managed services.

We have also partnered with a disaster recovery monitoring & management tool in order to collaborate on disaster recovery services.

IaaS has been our core business and flash storages have been the backbone to our cloud services. Partnering with premium brands such as Dell International Services India Private Limited, allow us an insight to their technologies, develop products collaboratively and also increase our brand visibility and reach.

An important aspect of our managed services portfolio is data back-up. We partner with multiple companies to create flexible models to provide backup solutions.

Data Centres:

A data centre is a dedicated physical infrastructure used to house computer systems, related storage systems and associated components. Data centres serve as the repository for IT equipment such as physical servers, storage subsystems, networking switches, routers and firewalls, as well as the cabling and physical racks used to organize and interconnect the IT equipment. A data centre also comprises of supportive infrastructure, such as power distribution and supplemental power subsystems. All of this demands a physical facility with physical security to house the entire collection of infrastructure and equipment.

The location of data centre, stability of geography, connectivity to submarine cable networks, level of construction activity, power capacity and water availability are certain crucial factors determining operational efficiency of a data centre. In order to effectively provide our service portfolio, we own and operate three data centres in India, one in each in Navi Mumbai, Nashik, Bengaluru and Mohali. Our data centres cover, in aggregate, over 50,000 sq. feet across the three locations in India.

All our data centres are connected by a 10 Gbps backbone network and is backed up with disaster recovery services. During the last three fiscal years, all our data centres, during their period of operation, have maintained an uptime of at least 99.995%. Our data centres have been granted “Tier III” status by QSA International Limited and have received the Green IT Infrastructure Award at the Maharashtra IT Awards, 2010 held by the Department of Industries, Government of Maharashtra.

Our data centres house the following facilities:

- N+N redundant UPS, which is a safeguard to ensure that an uninterruptible power supply.
- Automated multiple diesel generators in N+1 redundancy mode, for onsite power backup for all critical and non-critical appliances.
- Power racks ranging from 4KW to 16KW. A data centre rack is an organization tool that ensures airflow so that the internal workings of the machine are not damaged by changes in temperature.
- Dual power distribution units (PDU) in each rack. A rack PDU is a device that can be fitted with multiple outlets to effectively control and distribute electricity.
- Metered PDU for rack level power monitoring and billing.
- Precision air conditioning in N+N redundancy mode with power back-up.
- Advanced laser-based very early smoke detection system (VESDA) continuously monitors the data centre air for the presence of any traces of smoke.

- Our data centres in India have the following certification: ISO 9001:2015, ISO/IEC 27001:2013, ISO/IEC 20000-1:2018, ISO/IEC 22301:2019, SAP certified in cloud services and Rated Tier 3 by TIA 942 conducted by QSA International Limited.

Intellectual property:

Our in-house developed eNlight cloud suite, which is a vertically auto scalable cloud technology, is patented in the United Kingdom (Patent no - GB2493812) and the United States of America (USPTO patent no: US9176788B2). Our Company has obtained trademark registrations under the Trade Marks Act, 1999 with respect to the word and logo "FAMRUT" (under class 42), logo "ESDS" (under class 42), wordmark SPOCHub (under class 42) and in relation to certain goods and services offered by our Company (under classes 9 and 42).

Sales and marketing:

We consider brand visibility to be an important element of the IT industry. Our marketing initiatives include a combination of online as well as offline activities, such as (a) those that increase website visitors, session duration and website page views, (b) virtual meetings with customers, (c) search engine optimization to attract potential customers on our website. We also undertake digital marketing through multiple social media channels.

We believe that most of our business contracts have been awarded due to our consultative approach to sales, during which time our technical teams understand the specific and unique customer requirements and offer commercially viable niche and customized solutions. Our sales teams predominantly focus on selling various cloud solutions and services (IaaS, PaaS and SaaS), security services, software development services, website and mobile application development, delivering emerging technologies, industry solutions and community clouds. Typically, we commence our relationship with customers through our managed services, which we are able to cross-sell and up-sell across our portfolio.

Competition:

Although we do not have any 'like-for-like' competitors, we face competition from varied players across our different product and service offerings. Across the cloud services industry, there are several companies who provide varied offerings. Such companies include companies of Indian origin like STT, Netmagic (NTT), CtrlS, Sify, Nxtgen and also various international companies including Rackspace, Oracle, Microsoft Azure, Amazon Internet Services and Rackbank. In the SaaS segment, some of the large companies in India include Zoho, Druva and Zenoti.

We believe the strength of our brand, end to end and diverse cloud computing product portfolio, unique pricing model, vertically auto scalable capacities and customer experience are important differentiating factors in customers choosing us as their preferred cloud service provider, which helps us in retaining our customers, and sets us apart from our competitors.

ESDS FUURE PROSPECTS- 4 Bs by 2024



"Touching Lives of 1B+ people"

It is estimated 915 million Indians will be connected to the internet by 2026. ESDS has managed to connect more than 380 Million Indians, and it is our mission to take this number to 1 Billion Indian Citizens by 2024. We are touching lives of more than a billion people with advanced technologies.

"Connecting 1B+ Smart Devices"

ESDS aims to connect more than billion smart devices with its business solutions enabling a digital future. ESDS backs the largest pan-India project of smart meters. We are continuously striving to connect intelligent devices to auto-scalable eNlight cloud.

"Unicorn in Make in India Advanced Technology"

'Make in India' Advanced Technology has proven to be instrumental in boosting manufacturing and IT sectors in India. Currently, India is the fourth-largest destination in creating unicorns. ESDS aims at delivering tech-advanced services to businesses and get recognized as a leading Unicorn from India.

"Raising 1B+ Trees"

We are on a mission to plant and raise more than a billion trees. ESDS is embracing the green revolution by distributing more than one lakh seeds across the nation. Millions of people support our tree plantation drives pan-India. ESDSians have been actively contributing to making our motherland greener by giving back more than what we receive.



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.

The provisions of the Companies Act, 2013 along with the SEBI (LODR) Regulations, with respect to corporate governance, will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. 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 Directors.

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") and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR 2015"), 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 fulfill the conditions specified in the Listing Regulations and 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, Independent Director resigned from the Board of Directors effective from 20th May 2022 due to her pre-occupation with new professional assignment.

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, 2022 are given below.

Name of Director	Category of Director	Relationship with other Directors	#No. of Directorships in other companies	*No. of other Board Committee(s) of which he / she is a Member	*No. of other Board Committee(s) of which he / she is a Chairperson
Piyush Somani (DIN: 02357582)	Promoter, Executive and Non-independent	Spouse of Komal Somani -Executive Director	2	0	0
Sarla Somani ⁽¹⁾ (DIN: 02357805)	Promoter, Executive and Non-independent	Mother of Piyush Somani-Executive Director	2	0	0
Komal Somani (DIN: 08477154)	Executive and Non-independent	Spouse of Piyush Somani-Executive Director	1	0	0
Alipt Sharma (DIN: 03128439)	Non-Executive and Non-independent	None	3	0	0
Pamela Kumar (DIN: 07616165)	Non-Executive and Independent	None	0	0	0

Name of Director	Category of Director	Relationship with other Directors	#No. of Directorships in other companies	*No. of other Board Committee(s) of which he / she is a Member	*No. of other Board Committee(s) of which he / she is a Chairperson
T.G. Dhandapani (DIN: 09239677)	Non-Executive and Independent	None	0	0	0
V. Ramesh Kumar Amudalapalli (DIN: 09240436)	Non-Executive and Independent	None	0	0	0
Uma Mandavgane ⁽²⁾ (DIN: 03156224)	Non-Executive and Independent	None	4	0	0

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

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

1. Mrs. Sarla Somani resigned as Director from the Board of the Company effective from 28th July 2021.
2. Mr. Uma Mandavgane, Independent Director resigned from the Board of the Company effective form 20th May 2022.

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>Organisational Purpose</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>Strategic Insight</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>	<p>Piyush Somani; T.G. Dhandapani; Pamela Kumar;</p>
3	<p>Organisational Capacity Building</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>	<p>Komal Somani; Alipt Sharma; T.G. Dhandapani; Pamela Kumar</p>
4	<p>Stakeholder Value Creation</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>	<p>Alipt Sharma; T.G. Dhandapani; Pamela Kumar; V. Ramesh Kumar Amudalapalli</p>
5	<p>Commercial Acumen</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; Alipt Sharma; T.G. Dhandapani; Pamela Kumar; V. Ramesh Kumar Amudalapalli</p>
6	<p>Risk Management and Compliance</p> <p>Ability to appreciate key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation & compliance management and review and refine the same periodically.</p>	<p>Piyush Somani; T.G. Dhandapani; Pamela Kumar; V. Ramesh Kumar Amudalapalli</p>

7	<p>Policy Evaluation</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; Komal Somani; T.G. Dhandapani; Pamela Kumar; V. Ramesh Kumar Amudalapalli</p>
8	<p>Culture Building</p> <p>Ability to contribute to the Board's role towards promoting an ethical organizational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organizational conduct.</p>	<p>Piyush Somani; Komal Somani; Alipt Sharma; T.G. Dhandapani; Pamela Kumar; V. Ramesh Kumar Amudalapalli</p>
9	<p>Board Structure</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; Komal Somani; Alipt Sharma; T.G. Dhandapani; Pamela Kumar; V. Ramesh Kumar Amudalapalli</p>

(iii) Board Meetings / General Meeting

During the financial year 2021-22, the Board of Directors of your Company met Sixteen (16) times 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	04.06.2021
2	11.06.2021
3	29.06.2021 (11:00 am)
4	29.06.2021 (05:00 pm)
5	21.07.2021

6	24.07.2021
7	27.07.2021
8	28.07.2021
9	07.08.2021
10	26.08.2021
11	11.11.2021
12	26.11.2021
13	03.12.2021
14	10.12.2021
15	24.12.2021
16	14.03.2022

During the financial year 2021-22, nine (9) Extra-ordinary General Meetings (“EOGM”) were held on the dates mentioned in below table in view of prospective IPO of the Company and to seek necessary approvals of members of the Company.

Sr. No.	Date of General Meetings
1	05.06.2021
2	29.06.2021
3	30.06.2021
4	22.07.2021
5	26.07.2021
6	31.07.2021
7	09.08.2021
8	27.08.2021
9	15.03.2021

The Annual General Meeting of the Financial Year ended on March 31, 2021 was held on 29th November, 2021 in accordance with the relaxations granted by the Ministry of Corporate Affairs.

Details regarding the attendance of the Directors at the Board Meetings and the Annual General Meeting held during the financial year 2021-22 are presented in the following table:

Name of the Director	No. of Meetings held	No. of Board Meetings Attended	Whether AGM 2021 Attended (Yes/No/N.A.)
Piyush Somani	16	16	Y
Sarla Somani ⁽¹⁾	8	7	N.A.
Komal Somani ⁽²⁾	9	9	Y
Alipt Sharma	16	16	N
T.G. Dhandapani ⁽³⁾	9	9	N
V. Ramesh Kumar Amudalapalli ⁽³⁾	9	6	N
Pamela Kumar ⁽³⁾	9	8	N
Uma Mandavgane ⁽³⁾	9	9	N

Resigned as Director of the Company effective from 28th July 2021;

Appointed as Additional and subsequently Whole-time Director effective from 28th July 2021;

Appointed as Additional Directors (Independent) effective from 28th July 2021.

(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, Mr. V. Ramesh Kumar Amudalapalli, Ms. Pamela Kumar and Ms. Uma Mandavgane has been appointed for the first term of consecutive 5 years from 28th July 2021. However, Ms. Uma Mandavgane has resigned from the directorship effective from 20th May, 2022 due to her preoccupation in new professional assignment.

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

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 31st 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.

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 31st March 2022 was as follows:

Sr. No.	Name	Designation
1	Ms. Uma Mandavgane	Chairman (Independent Director)
2	Mr. V. Ramesh Kumar Amudalapalli	Member (Independent Director)
3	Mr. T.G. Dhandapani	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 28th July 2021 in view of amendments in SEBI LODR 2015. 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
- xxvii.
 - 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 powers 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 Regulation 32(1) of the SEBI Listing Regulations; and
 - annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations; and;
 - 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.

The Company's Audit Committee met twice during the financial year 2021-22 on 7th August 2021 and 10th December 2021.

The following table presents the details of attendance at the Audit Committee meetings held during the financial year 2021-22.

Name of the Member	No. of meetings held	No. of Meetings Attended
Ms. Uma Mandavgane	2	2
Mr. V. Ramesh Kumar Amudalapalli	2	2
Mr. T.G. Dhandapani	2	2

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors of your Company consists of the following Members as on 31st March, 2022:

Sr. No.	Name	Designation
1	Mr. Dhandapani T.G.	Chairman – Independent Director
2	Ms. Uma Manoj Mandavgane	Member – Independent Director
3	Ms. Pamela Kumar	Member – Independent Director

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2021-22 Two (2) meetings of the Committee were held on 7th August 2021, and 30th August 2021. The following table presents the details of attendance at the Nomination and Remuneration Committee meetings held during the financial year 2021-22.

Name of the Member	No. of meetings held	No. of Meetings Attended
Dhandapani T.G.	2	2
Uma Manoj Mandavgane	2	2
Pamela Kumar	2	2

The terms of reference of the Nomination and Remuneration Committee were approved by Board of Directors on 28th 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

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 2022.

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.

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 2021-22 :

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 2021-22 are as follows.

Name of the Non-Executive – Independent Director	Sitting Fees (Amount in Rs.)
Mr. T. G. Dhandapani	4,20,000
Mr. V. Ramesh Kumar Amudalapalli	1,95,000
Ms. Pamela Kumar	-
Ms. Uma Mandavgane	4,80,000

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 FY2021-22 at the Extra-Ordinary General Meeting held on 9th August, 2021.

Rs. (in Lakhs)

Name of Executive Director	Term of appointment	Salary & Perks	Commission	Total
Mr. Piyush Somani	For a period of 5 years from 26 th January, 2020	70.00	00.00	70.00
Ms. Komal Somani	For a period of 5 years from 28 th July, 2021	40.00	00.00	40.0

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 28th July, 2021. The composition of the Committee as on 31st March 2022 is as follows.

Sr. No.	Name	Designation
1	Mr. V. Ramesh Kumar Amudalapalli	Chairman – Independent Director
2	Ms. Pamela Kumar	Member – Independent Director
3	Mr. Piyush Somani	Member – Executive Director

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 28th 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 28th July, 2021. The composition of the Committee as on 31st March 2022 is as follows.

Sr. No.	Name	Designation
1	Ms. Pamela Kumar	Chairman – Independent Director
2	Mr. T. G. Dhandapani	Member – Independent Director
3	Mr. V. Ramesh Kumar Amudalapalli	Member – Independent Director
4	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 28th 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 31st March, 2022:

Sr. No.	Name	Designation
1	Mr. Piyush Somani	Chairman – Executive Director
2	Mr. V. Ramesh Kumar Amudalapalli	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 30th April, 2021. 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 22nd March, 2022. 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.

Performance Evaluation of Directors

The Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Directors including the Independent Directors. The said criteria provide certain parameters like attendance at meetings, preparedness and contribution at Board Meetings, knowledge / understanding about the business of the Company, effective participation in the board discussion, compliance with the code of conduct, vision and strategy, interpersonal skills etc. which are used by the Committee and/or the Board while evaluating the performance of each Director.

The Nomination & Remuneration Committee carried out annual performance evaluation of the Board, its Committees and Individual Directors for the financial year 2021-22 at their meeting held on 08th April, 2022. During the financial year under review, the Independent Directors of your Company in separate meeting held on 22nd March, 2022 without presence of other Directors and management evaluated performance of the Chairman, Managing Director and other Non-Independent Directors along with performance of the Board/Board Committees and other senior management members.

The evaluation of the performance of the Directors was done through discussions, the criteria of which included, inter alia, board structure, contributions made at the Board meeting, attendance, instances of sharing best and next practices, domain knowledge, vision, strategy, engagement with senior management.

Familiarisation Program for Independent Directors

Pursuant to the requirement of Regulation 25(7) of the LODR 2015, the Company needs to formally arrange Induction or Familiarisation Programme for Independent Directors to familiarise them with their role, rights and responsibility as Independent Directors, the working of the Company, nature of the industry in which the Company operates, business model etc.

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.

Since the Company is in process of IPO, the Board of Directors in its meeting held on 07th August 2021 had approved the policy for Familiarisation programmes for independent directors. Till the date of this report, the Company did not conduct any familiarization programs for its Independent Directors during FY 2021-22. The Company shall conduct such programs during FY 2022-23 or post its IPO to make them aware of the nature of the industry and their roles, rights, responsibilities.

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	29 th November 2021; 5:00 pm	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	None
Extra-Ordinary General Meeting	9 th May, 2022; 9:30 am	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Issuance of equity shares 13,22,500 on Preferential cum Private Placement.
Extra-Ordinary General Meeting	25 th April, 2022; 9:30 am	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Refund of the Rs. 30,00,00,140/- (INR Thirty Crore One Hand Forty Only) received from Amplify Capitals Private Limited towards subscription to equity shares through preferential cum private placement basis.
Extra-Ordinary General Meeting	15 th March, 2022; 4:00 pm	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Issue of equity shares through preferential cum private placement basis

Extra-Ordinary General Meeting	27 th August, 2021; 9:30 am	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Appointment of Independent Director and approval to amended ESDS Employees Stock Ownership Plan- 2021 (Scheme)
Extra-Ordinary General Meeting	9 th August, 2021 5:30 pm	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Alteration of Article of Association, ESDS Employees Stock Ownership Plan -2021 (Scheme), increasing the limit of investment by non-resident Indian or overseas citizen of India in the share capital of the Company, Initial Public Offer, Remuneration payable to Managing Director and Whole-time Director,
Extra-Ordinary General Meeting	31 st July, 2021 11:30 am	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Issue of Compulsory Convertible Preference Shares – Class C.
Extra-Ordinary General Meeting	26 th July, 2021 11:00 am	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Sub-division of Equity Shares, increase of authorize share capital of the CCCPS of the Company.
Extra-Ordinary General Meeting	22 nd July, 2021 05:30 pm	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Alteration of Article of Association.
Extra-Ordinary General Meeting	30 th June, 2021 11:00 am	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Conversion of Private Limited Company into Public Limited Company.
Extra-Ordinary General Meeting	29 th June, 2021 4:00 pm	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Cancellation of Special Resolution passed at the Extra Ordinary General Meeting held on 05 th June 2021.
Extra-Ordinary General Meeting	5 th June, 2021 11:00 am	Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007	Conversion of Private Limited Into Public Limited

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 31st March, 2022 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 7th 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.

SEBI Complaints Redress System (SCORES) :

The investor complaints are processed in a centralised web-based complaints redressal system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned Company and online viewing by investors of actions taken on the complaint and its current status. Your Company has been registered on SCORES Portal and makes every effort to resolve all investor complaints received through SCORES or otherwise within the statutory time limit from the receipt of the complaint.

The Company reports that there are no equity shares lying in the Demat Suspense Account/Unclaimed Suspense Account pursuant to the Company's public issue.

The Company has designated e-mail ID secretarial@esds.co.in exclusively for investors servicing.

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. The Policy was adopted on 7th 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

Means of Communication:

1. The Company's website 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. Annual Report is also made available on the website of the Company www.esds.co.in.
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.

GENERAL SHAREHOLDERS INFORMATION	
1. Annual General Meeting	
Date, Time and Venue	Friday, 30 th September, 2022 at 11.00 a.m. through video Conferencing or Other Audio Visual Means (OAVM).
2. Financial Year	Financial Year is April 1 to March 31 of the following year
Quarterly results will be declared as per the following tentative schedule:	
3. Dates of Book Closure	N.A.
4. Record date for Interim / Final Dividend declared in FY 2021-22	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	Your Company's proposes to list its shares on BSE Limited and NSE.
8. Stock Code	BSE: 59403662; NSE: ESDS EQ; ISIN: INE0DRI01029
9. Registrars and Transfer Agents with address for correspondence	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai – 400 083 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	9,15,71,685 Equity shares are held in the electronic mode as on 31th March 2022.

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 Instruments, Conversion Date and likely impact on equity	The Company has not issued any GDRs/ADRs/ Warrants or any Convertible Instruments.
15. Plant Locations	Nashik, Navi Mumbai, Bangalore and Mohali

Details of fees paid to statutory Auditors during the financial year 2021-22

The total fees paid for all services rendered by the statutory auditor viz. Shah Khandelwal Jain & CO., Chartered Accountants, for the Company is Rs.3 Million (exclusive of taxes).

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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).



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/-

(Piyush Somani)

Chairman and Managing Director

DIN : 02357582

Place: Nashik

Date: September 22, 2022

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

Sr. No.	Name of Subsidiary	Reporting Currency	Share Capital	Reserves & Surpluses	Total Assets (excl Investments)	Total Liabilities (excl Share Cap & Reserve & Surplus)	Investments	Turnover / Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% Shareholding	Amounts in Million	
1	ESDS Internet Services Private	INR	0.18	(9.13)	477.73	486.67	-	21.15	1.66	0.44	1.22	-	50.00		
2	Spochub Solutions Private limited	INR	0.20	(0.02)	0.20	0.02	-	-	(0.02)	-	(0.02)	-	100.00		
3	ESDS Global Software Solution	USD	0.08	(10.88)	1.72	12.53	-	10.24	0.46	-	0.46	-	100.00		
4	ESDS Cloud FZ LLC	AED	0.20	(135.16)	95.61	230.57	-	20.58	(55.06)	-	(55.06)	-	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 7th 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.	Mrs. Sarla Somani ⁽¹⁾	Member / Executive Director	1	1
3.	Mr. Alipt Sharma	Member / Non-Executive Director	1	1
4.	Mr. V. Ramesh Kumar Amudalapalli ⁽²⁾	Member / Independent Director	0	0

- Mrs. Sarla Somani ceased to be member of the Committee effective from 28th July 2021;
- Mr. V. Ramesh Kumar Amudalapalli induced as Member of the Committee effective form 28th July 2021.

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.181.31 million.**

7. (a) Two percent of average net profit of the company as per section 135(5): **Rs.3.63 million.**

(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.3.63 million.**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (Rs.in million)	Amount Unspent (Rs. In Million)				
	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 section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
3.80	Not Applicable				

(b) Details of CSR amount spent against ongoing projects for the financial year: **Nil**

Details of CSR amount spent against other than ongoing projects for the financial year:

(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 Million)	Mode of Implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Promoting Education	(ii)	Yes	Maharashtra	Ahmednagar	2.80	Indirect	Jaihind People's Movement	N.A.
2	Promoting Education	(ii)	Yes	Maharashtra	Sangamner	1.00	Indirect	Gramodaya Trust	N.A.

(c) Amount spent in Administrative Overheads: **Nil**

(d) Amount spent on Impact Assessment, if applicable: **N.A.**

(e) Total amount spent for the Financial Year (8b+8c+8d+8e) – **Rs.3.80 Million**

(f) Excess amount for set off, if any: **Rs.0.17 Million**

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 section 135(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

(b) 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 22, 2022



Annexure III

**FORM NO. MR -3
SECRETARIAL AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2022**

[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, 2022.

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 , I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, 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, 2022 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 unlisted 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.
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not 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 is our observations on specific matters of the Company:

1. Company had filed Draft Red Herring Prospectus on 02nd September, 2021 with security exchange board of India with the intension to raise capital from public. As on the date of this report, the Company has not filed the Red Herring Prospectus with SEBI.
2. During the period under Audit the Company was Converted into Public Limited Company. During the period the company had passed special resolution for conversion from private company to public company in the general meeting held on 5th June 2021. The Member via a special resolution reversed the earlier mentioned resolution in the next general meeting dated 29th June, 2021. The Management has represented that there was no need to the file the e-form INC-27 (Form for conversion of company) considering that the original decision was revoke. The Company has filed MGT 14 with the Ministry of Corporate Affairs in this regards. Further the company had passed Special resolution for conversion via general meeting dated 30th June, 2021 for which MGT-14 and INC-27 were duly filed.
3. *Discrepancies has been identified with regards to charge filing by the company of the numbers of loans for which the charge was needed to be created could not be found in the records of Ministry of Corporate affair.*

4. Company increased its authorized share capital to 46,00,00,000 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 Rs.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 Rs.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 Rs. 1,00,00,000/- (Rupees One Crore Only).
5. The Company allotted 70,00,000 Equity Shares of ₹ 1/- each amounting to Rupees 70,00,000 (seventy lakh only) through right issue by passing a Circular resolution.
6. Company passed a Circular resolution dated August 19, 2021 for allotment of Class C Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 19,99,89,350/- (Rupees Nineteen Crore Ninety-Nine Lakhs Eighty-Nine Thousand Three Hundred Fifty Only) divided into 6,77,930 (Six Lakh Seventy-Seven Thousand Nine Hundred Thirty) having a face value of Rs. 10/- (Rupees Ten Only) at a premium of Rs.285/- (Rupees Two Hundred Eighty-Five Only) aggregating to Rs. 295/- (Rupees Two Hundred Ninety-Five only) per share and carrying a dividend rate of 0.01 ('Class C CCCPS'),. The shares were allotted in Dematerialized form.
7. Company passed a resolution for issuance of unlisted, secured, unrated redeemable non-convertible debentures aggregating upto Rs. 30,00,00,000/- (Rupees Thirty Crores only) face value of Rs. 10,00,000 (Rupees Ten Lakh Only) to AXIS STRUCTURED CREDIT AIF-I represented by the debenture trustee, Axis Trustee Services Limited, and having a fixed rate of coupon of 12% per annum payable on monthly basis on December 24, 2021 and allotted via passing a circular resolution dated January 6, 2022 in dematerialized form. Promoters group pledged 45,75,000 Equity Shares of the Company representing 5% of the fully diluted equity share capital of the Company which was timely reported to the exchanges.
8. Further to details mentioned in the draft financial statement for the financial year 2021-22, the company has provided for 10% of the outstanding debentures to the said DRR account. The said percentage is in compliance with the act. The said Debentures were pre-maturely redeemed on May 24, 2022 as per the terms and conditions of Debenture Documents.

9. *The Company had preference dividend on preference share amounting to Rs 76,766 for the year 2018-19, 2019-20, 2020-21 in the AGM dated 29th November, 2021. As on the date of this report, the dividend amount was not transfer into a separate bank account and was neither paid to preference share holder.*
10. It was identified that there were few E-forms which were filed with incorrect factual details, the same were later revised and rectified by the Company.

Based on the information received and records maintained, I further report that;

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, 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.
- The FEMA, 1999 is applicable on Company under the review of audit. The Company had initiated the RBI filings for the remittances received against securities, the Company was yet to receive Unique identification number from RBI for few of its filings.

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: A025781D001019708

DATE: 22/09/2022
PLACE: Pune



To,
The Members,
ESDS Software solution limited
CIN: U72200MH2005PLC155433
Plot No . B-24 & 25,
NICE AREA, M.I.D.C. SATPUR.
NASIK MH 422007 IN

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
3. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

SAGAR R. KHANDELWAL
COMPANY SECRETARY
(ACS 25781)
(C.P. No. 13778)
UDIN: A025781D001019708

DATE: 22/09/2022
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, 2022, 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. As per our judgement, there are no Key Audit Matters that need to be reported under SA 701.

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 accounting principles generally accepted in India, the recognition and measurement principles laid down in the Ind AS 34, prescribed under Section 133 of the Act read with relevant rules issued thereunder. 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 standalone 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 responsibility is to express an opinion on these IND AS financial statements based on our audit.

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.

We conducted our audit of the 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 IND AS financial statements.

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, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, 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;

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 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, with the understanding, whether recorded in writing or otherwise , the intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company or provide any guarantee, security or the like on behalf of the company.

b) The management has represented that, to the best of its knowledge and belief , no funds have been received by the company from any person or entities including foreign entites with the understanding, whether recorded in writing or otherwise , the intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company or provide any guarantee, security or the like on behalf of the funding party or provide any guarantee, security or the like on behalf of the company and

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. No dividend has been declared or paid during the year by the company

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 31,2022 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 : 22/09/2022

UDIN : 22049278AUDGJQ4985

ANNEXURE 1 TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2022 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 31,2022 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.
- iii. According to information and explanations given to us ,the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions stated in paragraph 3 (iii) (a) to (f) of the order are not applicable to the Company.
- 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 on 31st March, 2022 and the Company has not accepted any deposits during the period thus clause 3(iv) of the order are not applicable to the company.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the order are not applicable to the Company.
- vii. (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Goods and Services Tax and other statutory dues though there has been delays in few cases.

According to the information and explanations given to us and based on audit procedures preformed by us, no undisputed amounts payable in respect of these statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.

- (b) There are no dues of Provident fund, Employees State Insurance, Income Tax, Service Tax, Goods and Services Tax and other statutory dues which have not been deposited on account of any dispute.
- viii. The company have not surrendered or disclosed any transaction, previously unrecorded in the books of accounts, in the tax assessments under Income tax act, 1961 as income during the year. Accordingly the requirement of clause 3(viii) of the order is not applicable to the company.
- 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) The company has not been declared a wilful defaulter by any bank or financial institution or other lender.

(c) The term loans were applied for the purpose for which the loans were obtained.
(d) No funds raised on short term basis have been utilised for long term purposes
(e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
(f) The company have not raised loans during the year on the pledge of securities held in its subsidiary.
- x. (a) No moneys are raised by way of initial public offer or further public offer (including debt instruments) during the period, hence the requirement of clause 3(x)(a) of the order is not applicable to the company.

(b) During the year, the company has made preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.

- xi. (a) No fraud by the company nor any fraud on the company has been noticed or reported during the period;
(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
(c) No whistle-blower complaints have been received during the period by the company;
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 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 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) The company has an internal audit system commensurate with the size and nature of its business;
(b) The reports of the Internal Auditors for the period under audit were considered by us.
- 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 directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
- xvi. a) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) (a) of the Order are not applicable to the Company.

b) The company has not conducted any non-banking financial or housing finance activities without obtained a valid certificate of Registration from the Reserve bank of India as per the Reserve Bank of India Act, 1934.

c) The company is not a core investment company as defined in the regulations made by Reserve Bank of India. Accordingly the requirement of clause 3(xvi) (c) is not applicable to the company.
- xvii. The company has not incurred cash losses in the current and in the immediately preceding financial year.
- xviii. We were statutory auditor of the company in the previous year ; thus requirement of clause (xviii) is not applicable to the company.
- xix. On the basis of the financial ratios in note no 43 .to the financials statements, 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 and based on our examination of the evidence supporting the assumptions, 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 company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

xx. (a) In respect of other than ongoing projects , there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the companies act, in compliance with second proviso to sub section 5 of the section 135 of the act. This matter has been disclosed in note 40 to the financial statements.

(b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with the provisions of subsection (6) of section 135 of the said act. This matter has been disclosed in note no 40 to the financial statements.

xxi. The reporting under clause 3(xxi) of the order is not applicable in respect of audit of standalone financial statements of the company. Accordingly, no comment has been included in respect of said clause under the report.

For Shah Khandelwal Jain & Associates

Chartered Accountants

Firm Registration No. 142740W

Sd/-

Ashish Khandelwal

Partner

Membership No.049278

Place : Pune

Date :22/09/2022

UDIN : 22049278AUDGJQ4985

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 Limited (“the Company”) as of March 31, 2022 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, 2022, 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, 2022.

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

Sd/-

Ashish Khandelwal
Partner
Membership No. 049278

Place: Pune
Date: 22/09/2022

UDIN : 22049278AUDGJQ4985

ESDS Software Solution Limited
Separate Financial Statements
Balance Sheet as at March 31, 2022

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

	Notes	March 31,2022	March 31, 2021
ASSETS			
I. Non-current assets			
Property, plant and equipment	3	2,043.34	2,070.28
Right -of- use- of- assets	4	850.45	994.37
Capital work -in -progress	5	0.70	3.70
Intangible assets	6	89.31	42.06
Intangible assets under development	6.a	-	23.12
Investments	7	0.56	0.56
Non- current financial assets	8.a	201.95	225.58
Other non-current assets	9	2.13	-
Total non-current assets		3,188.44	3,359.67
II. Current assets			
Current financial assets			
Trade receivables	10	634.30	470.21
Cash and cash equivalents	11	340.32	138.24
Other bank balances	12	146.39	8.16
Other current financial assets	8.b	407.23	485.53
Income-tax assets	13	156.11	55.47
Other current assets	14	280.70	179.34
Total current assets		1,965.05	1,336.95
Total assets		5,153.49	4,696.62
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	91.57	52.22
Other equity			
Equity component of compound financial instrument	16	-	1,239.84
Reserves and surplus	16	2,044.09	611.96
Other reserves	16	69.61	65.28
Total equity		2,205.27	1,969.30
LIABILITIES			
I. Non-current liabilities			
Non-current financial liabilities			
Non-current borrowings	17.a	656.13	439.55
Lease liabilities	4	608.31	578.94
Other non-current financial liabilities			
Employee benefit obligations	19	83.95	72.56
Deferred tax liabilities (net)	23	48.57	40.97
Total non-current liabilities		1,396.96	1,132.02
II. Current liabilities			
Current financial liabilities			
Current borrowings	17.b	449.30	266.12
Lease liabilities	4	205.00	455.05
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	20	10.70	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	20	238.77	231.86
Other current financial liabilities	18	526.11	519.83
Employee benefit obligations	19	3.09	4.10
Other current liabilities	21	118.29	118.32
Total current liabilities		1,551.26	1,595.30
Total liabilities		2,948.22	2,727.32
Total equity and liabilities		5,153.49	4,696.62

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 : 22-09-2022

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 : 22-09-2022

Sd/-

Komal Somani

Whole Time Director

DIN: 08477154

Place: Nashik

Date : 22-09-2022

Sd/-

Prasad Deokar

Company secretary and
compliance officer

M No:A34350

Place : Nashik

Date : 22-09-2022

ESDS Software Solution Limited
Separate Financial Statements
Statement of Profit and Loss for the period ended March 31, 2022
(All amounts are in Rupees millions, unless otherwise stated)

Particulars	Notes	March 31,2022	March 31,2021
Revenue from operations	24	1,932.34	1,719.27
Other income	25	46.63	31.00
Total income		1,978.97	1,750.27
Expenses			
Purchases of traded goods	25	-	-
Employee benefit expense	26	680.41	579.69
Finance costs	27	169.28	176.46
Depreciation and amortisation expense	28	420.76	373.75
Other expenses	29	641.88	500.48
Total expenses		1,912.33	1,630.38
Profit before exceptional items		66.64	119.89
Exceptional Items			
Rates and Taxes (refer note no. 31(ii)(d))		35.00	-
Profit before tax		31.64	119.89
Income tax expense			
Current tax (MAT)	22	4.02	18.90
Less: MAT credit entitlement	22	(4.02)	(18.90)
Deferred tax	22	10.59	32.81
Total tax expense		10.59	32.81
Profit for the period [A]		21.05	87.08
Other comprehensive income			
<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		3.24	0.18
Income tax relating to these items		(0.90)	0.05
		2.34	0.23
Total other comprehensive income for the period, net of tax [B]		2.34	0.23
Total comprehensive income for the period [A+B]		23.39	87.31
Earnings per share	30		
Basic (Face value of equity shares : 1 per share)		0.26	1.67
Diluted		0.26	1.56

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

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 : 22-09-2022

Sd/-
Piyush Somani
Chairman and
Managing Director

DIN :02357582
Place: Nashik
Date : 22-09-2022

Sd/-
Komal Somani
Whole Time Director

DIN: 08477154
Place: Nashik
Date : 22-09-2022

Sd/-
Prasad Deokar
Company secretary and
compliance officer

M No:A34350
Place : Nashik
Date : 22-09-2022

ESDS Software Solution Limited
Separate Financial Statements
Statement of Cashflows for the period Ended March 31, 2022
(All amounts are in Rupees millions, unless otherwise stated)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
A) Cash flows from operating activities		
Profit before income tax	31.64	119.89
Adjustments for		
Depreciation and amortisation expense	420.76	373.76
(Gain)/loss on sale of property, plant and equipment	-	2.34
Expected credit loss allowance	70.22	46.48
Balances written off	1.26	
Interest income classified as investing cash flow	(27.04)	(20.57)
Finance costs	169.28	176.46
Unrealised exchange (gain)/loss	2.47	3.29
Operating profit before working capital changes	668.59	701.65
Changes in working capital		
(Increase) / decrease in trade receivables	(238.03)	(48.33)
(Increase)/ decrease in current and non current financial assets	71.08	(242.15)
(Increase) / decrease in other current and non current assets	(103.49)	53.50
(Increase) / Decrease in short-term loans and advances		
Increase / (decrease) in trade payables	17.60	(82.45)
(Increase)/ decrease in other financial liabilities	(8.91)	(27.84)
Increase / (decrease) in employee benefit obligations	13.63	26.93
Increase/ (decrease) in other current and non current liabilities	-	32.19
Cash generated from operations	417.35	413.50
Income taxes paid (net of refunds received)	(100.64)	49.03
Net cash inflow/ (outflow) from operating activities	316.71	462.52
B) Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(552.85)	(667.38)
Impairment of assets		
Proceeds from sale of property, plant and equipment and intangible assets		131.92
Bank balances not considered as cash and cash equivalents	(107.39)	(30.23)
Interest / Income on investment received	27.04	18.22
Net cash flows from investing activities	(633.20)	(547.46)
C) Cash flows from financing activities		
Proceeds from issue of Preference shares	199.99	299.27
Proceeds from Rights issue	7.00	-
Proceeds from issue of Non-convertible debentures	300.00	-
Share application money received allotment pending	300.00	-
Increase/(Decrease) in non-current borrowings	(83.42)	173.59
Increase/(Decrease) in current borrowings	183.18	28.89
Principal elements of lease payments	(277.50)	(189.34)
Interest paid	(110.68)	(90.79)
Net cash inflows/ (outflow) from financing activities	518.57	221.62
Net increase / (decrease) in cash and cash equivalents	202.09	136.69
Cash and cash equivalents at the beginning of the period	138.24	1.55
Cash and cash equivalents at the end of the period	340.32	138.24

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

	March 31, 2022	March 31, 2021
Cash and cash equivalents (Note 11)	340.32	138.24
Balances as per statement of cash flows	340.32	138.24

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
CIN : U72200MH2005PLC155433

Sd/-
Ashish Khandelwal
Partner
Membership No.: 049278
Place : Pune
Date : 22-09-2022

Sd/-
Piyush Somani
Chairman and Managing
Director
DIN :02357582
Place: Nashik
Date : 22-09-2022

Sd/-
Komal Somani
Whole Time Director
DIN: 08477154
Place: Nashik
Date : 22-09-2022

Sd/-
Prasad Deokar
Company secretary and
compliance officer
M No:A34350
Place : Nashik
Date : 22-09-2022

ESDS Software Solution Limited
 Separate Financial Statements
 Statement of Changes in Equity for the period ended March 31, 2022
 (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, 2020		52.22
Change in equity share capital		-
As at March 31, 2021	15	52.22
Change in equity share capital (refer note no 15)		39.35
As at March 31,2022		91.57

B. Other equity

Particulars	Equity component of compound financial instruments	Reserves and surplus			Other equity			Total other equity
		Securities premium account	Capital redemption reserve	Retained earnings	Revaluation reserve	Debenture Redemption Reserve	Share based payment reserve	
As at March 31, 2020	940.57	6.85	3.58	513.10	66.40	-	-	1,530.50
Profit for the year		-	-	87.09	-	-	-	87.09
Adjustment on account of fair valuation as on March 31,2021								-
Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings				1.12	(1.12)	-	-	-
Other comprehensive Income				0.23	-	-	-	0.23
Equity component of compound financial instruments issued during the year	299.25	-	-	-	-	-	-	299.25
Total	299.25	0.00	0.00	88.44	-1.12	0.00	0.00	386.57
As at March 31, 2021	1,239.82	6.85	3.58	601.53	65.28	-	-	1,917.07
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	596.04	64.16	30.00	5.45	2,113.71

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

Sd/-

Ashish Khandelwal
 Partner

Membership No.: 049278

Place : Pune

Date : 22-09-2022

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 : 22-09-2022

Sd/-

Komal Somani
 Whole Time Director

DIN: 08477154

Place: Nashik

Date : 22-09-2022

Sd/-

Prasad Deokar
 Company secretary and compliance officer

M No:A34350

Place : Nashik

Date : 22-09-2022

3 Property, plant and equipment

Particulars	Land	Leasehold land improvements	Buildings	Computer and data centre equipment	Office equipments	Furniture & fixture	Vehicles	Total
Opening gross carrying amount as on April 1, 2020	65.67	53.19	110.51	1,517.99	280.67	59.91	22.98	2,110.91
Additions during the year	-	-	-	428.98	159.96	7.70	9.48	606.12
Disposals during the year*	-	-	-	142.20	0.42	-	-	142.62
Gross carrying amount as on March 31, 2021	65.67	53.19	110.51	1,804.77	440.21	67.61	32.46	2,574.41
Accumulated depreciation till April 1, 2020	0.38	0.93	1.24	229.43	36.48	5.66	4.14	278.25
Charge for the year	0.73	0.93	2.14	173.23	53.52	6.64	4.58	241.77
Accumulated depreciation on disposals during the year	-	-	-	15.89	-	-	-	15.89
Closing accumulated depreciation as at March 31, 2021	1.11	1.86	3.38	386.77	90.00	12.30	8.72	504.13
Net carrying amount as on March 31, 2021	64.56	51.33	107.13	1,418.00	350.21	55.31	23.74	2,070.28

*includes transfer on account of sale and lease back of assets having carrying amount of Rs. 126.31 million.

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

**As per Ind As 36 - Impairment of assets, during the current period 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 only 65% of these assets will be 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.

4 Right to use Asset

Following are the changes in the carrying value of right of use assets for the period ended March 31, 2022

Particulars	Premises	Server	Amount
Balance as on April 2020	491.08	142.50	633.58
Addition	150.28	332.51	482.79
Depreciation	71.89	50.11	122.00
Balance as on March 2021	569.47	424.90	994.37
Addition	1.30		1.30
Amortisation	93.99	51.24	145.22
Balance as on March 2022	476.78	373.66	850.45

The aggregate amortisation 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, 2022	March 31, 2021
Non-current	608.31	578.95
Current	205.00	455.05
Total	813.31	1,034.00

5 Capital Work in Progress

Particulars	Capital work-in-progress
Opening gross carrying amount as on April 1, 2020	394.65
Additions	4.69
Disposals	395.64
Gross carrying amount as on March 31, 2021	3.70

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

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

6 Intangible assets

Particulars	Softwares
Opening gross carrying amount as on April 1, 2020	29.64
Additions during the year	29.90
Disposals during the year	
Gross carrying amount as on March 31, 2021	59.54
Accumulated Amortisation	
Balance as at April 1, 2020	7.49
Amortisation charge for the year	9.99
Accumulated amortisation on disposals during the year	-
Closing accumulated depreciation as at March 31, 2021	17.48
Net carrying value as on March 31, 2021	42.06

Particulars	Softwares
Opening gross carrying amount as on April 1, 2021	59.54
Additions during the period	2.07
Add: Transfer from Intangible assets unde development	59.39
Disposals during the period	
Gross carrying amount as on March 31, 2022	121.00
Accumulated Amortisation	
Balance as at April 1, 2021	17.48
Amortisation charge for the period	14.21
Accumulated amortisation on disposals during the period	-
Closing accumulated depreciation as at March 31, 2022	31.69
Net carrying value as on March 31, 2022	89.31

6.a Intangible assets under development

Particulars	Intangible assets under development
Opening gross carrying amount as on April 1, 2020	-
Additions during the period	23.12
Gross carrying amount as on March 31, 2021	23.12
Opening gross carrying amount as on April 01, 2021	23.12
Additions during the period	36.27
Less : Transferred to Intangible assets	59.39
Gross carrying amount as on March 31, 2022	-

* Refer note no 42 for ageing schedule

7 Investments

Particulars	As at March 31,2022	As at March 31, 2021
Investments in subsidiaries		
ESDS Internet Services Private Limited 9,000 (31 March, 2021 : 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, 2021: 1000) equity shares of \$1 each	0.07	0.07
Investment In Equity Shares of ESDS Cloud FZ LLC 10 (31st March 2021:10) equity shares of AED 1000 each	0.20	0.20
Investment In Equity Shares of Spochub Solutions Private Limited - 1,99,800 (31 March,2021:NIL) equity shares of Rs 10 each	0.20	0.20
Total investments	0.56	0.56

Particulars	As at March 31,2022	As at March 31, 2021
8.a Non current financial assets		
Term deposits with maturity more than 12 months from reporting date	151.35	182.19
Accrued interest on above term deposits	-	-
Security deposits Against leased assets	50.60	43.39
Total non-current financial assets	201.95	225.58
8.b Other current financial assets		
Security deposits Against leased assets	33.79	23.78
Loan to subsidiaries [refer note no :32]	34.19	134.95
Other loans and advances	4.92	4.71
Less: loss allowance	(4.71)	(4.71)
Unbilled revenue	339.05	326.80
Total other current financial assets	407.23	485.53

9 Other non-current assets

Particulars	As at March 31,2022	As at March 31, 2021
Capital advances	11.48	9.35
Less: loss allowance	(9.35)	(9.35)
Total other non-current assets	2.13	-

10 Trade receivables

Particulars	As at March 31,2022	As at March 31, 2021
Trade receivables from related parties [refer note 32]	-	3.98
Trade receivables from others	774.40	585.84
Less: loss allowance	(124.45)	(103.96)
Less: credit impaired	(15.65)	(15.65)
Total trade receivables	634.30	470.21
Break-up of security details		
Trade receivables (unsecured)		
Considered good	758.74	574.17
-significant increase in credit risk		
Significant increase in credit risk	15.65	15.65
Less: expected credit loss allowance	(124.45)	(103.96)
Less: credit impaired	(15.65)	(15.65)
Total trade receivables	634.30	470.21

*For ageing schedule refer note no: 42

11 Cash and cash equivalents

Particulars	As at March 31,2022	As at March 31, 2021
Balances with banks	340.32	138.24
Cash on hand	-	-
Total cash and cash equivalents	340.32	138.24

12 Other bank balances

Particulars	As at March 31,2022	As at March 31, 2021
Term deposits with original maturity with more than 3 months but due within 12 months from the date of reporting	146.39	7.81
Accrued Interest on above term deposits	-	0.35
Total other bank balances	146.39	8.16

13 Income - tax assets

Particulars	As at March 31,2022	As at March 31, 2021
Advance tax and tax deducted at source (net of provision)	156.11	55.47
Total income - tax assets	156.11	55.47

Movement in income-tax assets

Particulars	As at March 31,2022	As at March 31, 2021
Opening balance	55.47	123.40
Tax charge during the year	(4.02)	(18.90)
Tax charge in respect to earlier years		-
Refund of taxes	-	(112.60)
Payment of advance tax/ tax deducted at source during the year	104.66	63.57
Closing balance	156.11	55.47

14 Other current assets

Particulars	As at March 31,2022	As at March 31, 2021
Prepayments	174.16	92.22
Advances to creditors	13.91	6.96
Advances to employees	1.72	13.70
Balances with statutory / government authorities	33.40	62.52
Share issue expenses (to the extent of not written off or adjusted)*	16.48	-
Other receivables	41.02	3.94
Total other current assets	280.70	179.34

*The Company has so far incurred share issue expenses of INR 53.28 million as at March 31, 2022 (March 31, 2021: Nil) in connection with proposed public offer of equity shares. In relation to the expenses incurred for the proposed Initial Public Offer (offer for sale from existing shareholders) of equity shares of the Company during the year ended 31 March 2022, the selling shareholders at that time had confirmed that the expenses incurred by the Company till date and future expenses (including any tax reimbursements) will be reimbursed by each of them on a proportionate basis (i.e. in proportion to the respective selling shareholding pattern) which have been kept in Other receivables in financial statements. These expenses had been approved by the shareholders in accordance with the agreements for services entered into by the Company for the purpose of proposed IPO.

These expenses shall be adjusted against securities premium as permissible under Section 52 of the Companies Act, 2013 on successful completion of Initial Public Offer (IPO). The entire amount has been carried forward and disclosed under the head 'Other Current Assets' as Share issue expenses.

15 Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital:		
1,15,00,000 (2021 : 1,15,00,000) equity shares of Rs 1 each***	115.00	115.00
31,50,000 (2021: 30,00,000) 0.01% compulsory convertible preference shares of Rs 100 each	315.00	300.00
2,00,000 (2021:2,00,000) 16% compulsory convertible preference shares of Rs 100 each	20.00	20.00
10,00,000 (2021: Nil) 0.01% compulsory convertible preference shares of Rs 10 each	10.00	-
Total	460.00	435.00
Issued, subscribed and paid up :		
Equity share capital		
9,15,71,685 (2021: 52,22,100)equity shares of Rs 1 each fully paid up***	91.57	52.22
Total	91.57	52.22

**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
CCPCS	23,51,477	100	Equity Shares	2,35,14,770	1
Class A CCPS	5,67,866	100	Equity Shares	66,92,157	1
CCD	4,61,934	479	Equity Shares	11,39,908	1
Class B1 CCPS	1,62,842	100	Equity Shares	3,25,920	1
Class C CCPS	6,77,930	10	Equity Shares	6,77,930	1

***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
Total		70,00,000

(i) Reconciliation of number of equity shares issued

Particulars	As at March 31, 2022	As at March 31, 2021
Shares outstanding at the beginning of the period	52,22,100	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	
Shares outstanding at the end of the period	9,15,71,685	52,22,100

**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.

(ii) Reconciliation of issued equity share capital

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Equity share capital at the beginning of the year	52.22	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	-
Equity share capital outstanding at the end of the year	91.57	52.22

(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, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
Piyush Somani	29.32%	2,68,52,696	47.49%	24,80,000
PO Somani Family Trust	24.54%	2,24,67,478	-	-
Sarla Somani	2.07%	18,97,637	47.49%	24,80,000
SAGF II Holdings LLC	10.38%	95,06,036	-	-
South Asia Growth Fund II, L.P. (SAGF)	22.62%	2,07,14,896	3.67%	1,91,858
GEF ESDS Partners, L.L.C. (GEPL)	8.28%	75,84,133	1.35%	70,242
Esds Employee Benefit Trust	2.60%	23,82,094		
Total no of shares		9,15,71,685		52,22,100

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

Shares held by promoters at the end of the period			% change during the period
Promoter Name	No. of shares	% of total shares	
Piyush Somani	2,68,52,696	29.32%	-18.17%

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

16 Other equity

Particulars		As at March 31, 2022	As at March 31, 2021
I.	Equity component of compound financial instrument		
	Preference share capital		
	Compulsory convertible preference shares of Rs 100 each fully paid up		
	23,51,477 (2021 : 23,51,477) 0.01% compulsory convertible preference shares of Rs 100 each fully paid up	-	530.57
	5,67,866 (2021 : 5,67,866) 0.01% class A compulsory convertible preference shares of Rs 100 each fully paid up	-	410.00
	1,62,842 (2021 : 1,62,842) 0.01% class B1 compulsory convertible preference shares of Rs 100 each fully paid up	-	78.00
	6,77,930 (2021 : NIL) 0.01% Class C compulsory convertible preference shares of Rs 10 each fully paid up	-	-
	4,61,934 (2021 : 4,61,934) 0.01% Compulsory convertible debentures	-	221.27
		-	1,239.84
II.	Reserves and surplus		
	Retained earnings	596.03	601.53
	Securities premium	1,414.48	6.85
	Capital redemption reserve	3.58	3.58
	Debenture redemption reserve	30.00	-
	Total reserves and surplus	2,044.09	611.96
	(i) Retained earnings		
	Opening balance	601.53	513.10
	Profit for the period	21.05	87.08
	Other comprehensive income	2.34	0.23
	Add/ (Less) :		
	Transfer to Debenture redemption reserve	(30.00)	-
	Adjustment of additional depreciation on increase in carrying value due to fair valuation transfered from revaluation reserve	1.12	1.12
	Total retained earnings	596.03	601.53
	(ii) Securities premium		
	Opening balance	6.85	6.85
	Add: Premium on issue of preference shares	-	-
	Add: On account of conversion of preference shares	1,407.63	-
	Total securities premium	1,414.48	6.85
	(iii) Capital redemption reserve		
	Opening balance	3.58	3.58
	Add: Transfer from retained earnings	-	-
	Total capital redemption reserve	3.58	3.58
	(iv) Debenture redemption reserve		
	Opening balance	--	-
	Add: Transfer from retained earnings	30.00	-
	Total Debenture redemption reserve	30.00	-
III.	Other reserves		
(i)	Revaluation reserve		
	Opening balance	65.28	66.40
	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	-	-
	Total revaluation reserve	64.16	65.28
(ii)	Share based payment reserve		
	Opening balance	--	-
	Expense recognized for the Period	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	-	-
	Total share based payment reserve	5.45	-
	Total other reserves	69.61	65.28
	Total equity	2,113.70	1,917.08

1) Nature and purpose of equity component

Rights, preferences and restrictions attached to preference shares

Compulsory convertible cumulative preference shares (CCCPS) of Rs. 100 each were issued on June 4, 2018 carrying a coupon rate of 0.01% p.a. Company has further issued class A compulsory convertible cumulative preference shares of Rs. 100 each on August 6 and 8 2019 and class B1 compulsory convertible cumulative preference shares on October 14 2020 carrying a coupon rate of 0.01% p.a. The Company has also issued compulsorily convertible debentures of Rs. 479 on June 10 2020 carrying coupon rate of 0.01%. In the event the dividend declared on ordinary equity shares exceeds rate mentioned, then such higher rate shall be applicable to the CCCPS as well.

The Company has made a fresh issue of compulsory convertible cumulative preference shares (Class C CCCPS) of Rs. 10/- issued at a premium of Rs. 285/- per share on August 6 2021.

These preference shares carry a preferential right as to dividend over equity shareholders. If dividend is not paid in any particular year, the dividend shall accumulate and in the year in which dividends are declared by the Company, all unpaid dividends must be first paid to the shareholders, before disbursement of dividends to any other shareholders.

The preference shareholders shall have the right to convert any or all of the subscription shares as the case may be at its sole discretion and at any time within 10 (ten) years from the date of their issuance, into equity shares of the Company without any additional payment to the Company for such conversion. At the end of the 10th (tenth) year from the date of issuance, the preference shares which are not converted shall stand automatically converted into equity shares of the Company.

The holder of subscribed securities shall be entitled to attend all the shareholders meeting and to vote on an as if converted / diluted shareholding basis.

(i) Details of shareholders holding more than 5% preferences shares is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
South Asia Growth Fund II, L.P. (SAGF)	-	-	73.20%	17,21,281
GEF ESDS Partners, L.L.C. (GEPL)	-	-	26.80%	6,30,196

(ii) Details of shareholders holding more than 5% preferences shares (class A) is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
SAGF Holdings LLC	-	-	99.36%	5,64,232

(iii) Details of shareholders holding more than 5% preferences shares (class B1) is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
SAGF Holdings LLC	-	-	99.36%	1,61,800

(iv) Details of shareholders holding more than 5% preferences shares (class C) is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
SAGF Holdings LLC	-	-	99.36%	6,73,591

(v) Details of shareholders holding more than 5% debentures is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of Debentures	% holding	No. of Debentures
SAGF Holdings LLC	-	-	99.36%	4,58,977

(vi) Reconciliation of number compulsory convertible preference shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the period	23,51,477	23,51,477
Shares issued during the period	-	-
Conversion of preference shares	23,51,477	-
Shares outstanding at the end of the period	-	23,51,477

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

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the period	5,67,866	5,67,866
Shares issued during the period	-	-
Conversion of preference shares	5,67,866	-
Shares outstanding at the end of the period	-	5,67,866

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

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the period	1,62,842	-
Shares issued during the period		1,62,842
Redemption of preference shares	1,62,842	-
Shares outstanding at the end of the period	-	1,62,842

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

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the period	-	-
Shares issued during the period	6,77,930	-
Conversion of preference shares	6,77,930	-
Shares outstanding at the end of the period	-	-

(x) Reconciliation of compulsory convertible debtneures outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the period	4,61,934	-
Shares issued during the period		4,61,934
Conversion of debtneures	4,61,934	-
Debtneures outstanding at the end of the period	-	4,61,934

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. plan.

c) Debenture Redemption Reserve

Debenture redemption reserve have been created at 10% of the value of the outstanding non-convertible debentures. Company needs to create Debenture Redemption Fund Investment at 15% of the amount to be redeemed

e) Revaluation Reserve

Revaluation reserve have been created on account of revaluation of land and building, adjusted with additional depreciaton 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

Financial Liabilities

17.a Non current borrowings

Particulars	As at March 31,2022	As at March 31, 2021
Non-Convertible Debentures		
300 Non Convertible Debentures (FV=10,00,000 each)*	300.00	-
Secured:		
Term Loans		
From banks	464.74	441.70
From financial institutions	148.80	140.28
Vehicle loans from banks	10.25	14.60
Unsecured:		
Term loans:		
From financial institutions	3.65	7.06
Liability portion of compound financial instruments		
23,51,477 (2020 : 23,51,477) 0.01% compulsory	-	0.18
Total	927.43	603.82
Less : Current maturities of long term borrowings	(271.30)	(164.27)
Total non - current borrowings	656.13	439.55

* On 05th Januray 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. (refer note no.44)

17.b Current borrowings

Particulars	As at March 31,2022	As at March 31, 2021
Secured:		
Demand loans from banks	178.00	99.70
Current maturities of long term borrowings	271.30	164.27
Unsecured:		
From promoter [refer note : 32]	-	2.16
Total current borrowings	449.30	266.12

18 Other current financial liabilities

Particulars	As at March 31,2022	As at March 31, 2021
Current		
Capital creditors**	143.66	428.47
Unearned revenue	82.45	91.36
Application money received for allotment of securities to the extent refundable and interest accrued thereon^	300.00	-
Total current other financial liabilities	526.11	519.83

** 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. (refer note no.44)

19 Employee benefit obligations

Particulars	As at March 31,2022	As at March 31, 2021
Non-current		
Gratuity [refer note:34]	44.40	37.17
Compensated absences	39.55	35.39
Total non -current obligations	83.95	72.56
Current		
Gratuity [refer note:34]	1.45	1.82
Compensated absences	1.64	2.28
Total current obligations	3.09	4.10

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 funded plan and the Company makes contributions to recognised funds in India.

20 Trade payables

Particulars	As at March 31,2022	As at March 31, 2021
Trade payables		
Micro and small enterprises (refer note 38)	10.70	-
Related parties [refer note:32]		12.65
Others	238.77	219.21
Total trade payables	249.47	231.86

21 Other current liabilities

Particulars	As at March 31,2022	As at March 31, 2021
Accrued employee liabilities		
Related parties [refer note:32]	-	2.12
Others	67.61	69.21
Directors sitting fees payable	-	-
Statutory liabilities	9.31	17.86
Advance from customers	7.43	5.56
Provision for expenses	18.79	9.32
Interest accrued but not due on borrowings	4.08	0.99
Share allotment money payable	-	0.20
Proposed dividend on Preferences Shares	0.04	-
Other payables	11.03	13.06
Total other current liabilities	118.29	118.32

As at 31 March 2022

Sr. No	Name of the bank	Type of Facility	O/s 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>Primary – First hypothecation charge on entire movable fixed assets financed by Axis Bank Ltd. (both Present & Future)</p> <p>Collateral – Extension of First hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with SBI, excluding receivables charged to SIDBI.</p> <p>Common Collateral (for all the facilities) - Pari Pasu charge with SBI on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>Additional Collateral (for all the facilities) – DSRA of Rs. 4.71 million RD of Rs. 0.5 million per month 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) FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million) 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>Primary - First hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with SBI, excluding receivables charged to SIDBI.</p> <p>Collateral – Extension of first hypothecation charge on entire movable fixed assets of the company financed by Axis Bank Ltd.</p> <p>Common Collateral (for all the facilities) - Pari Pasu charge with SBI on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>Additional Collateral (for all the facilities) – DSRA of Rs. 4.71 million RD of Rs. 0.5 million per month 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) FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million) 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>Primary - Exclusive charge by hypothecation of P&M purchased out of SBI TL</p> <p>Collateral - 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>Common Collateral - Pari Pasu charge with Axis Bank Ltd. on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 1st pari pasu RD of Rs. 0.5 million per month 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) 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) Exclusive charge on FD of 0.25 Cr.</p>
4	State Bank of India	Short Term Loans	36.25	On demand	7.40%	<p>Primary - Hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with Axis Bank Ltd, excluding receivables charged to SIDBI.</p> <p>Collateral - Extension of exclusive charge by hypothecation of plant & machinery purchased out of SBI TL, for Bengaluru Data Centre and extension of 1st pari pasu charge by hypothecation of P&M purchased out of the project financed from consortium TIs.</p> <p>Common Collateral - Pari Pasu charge with Axis Bank Ltd. on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 1st pari pasu RD of Rs. 0.5 million per month 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) 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) Exclusive charge on FD of Rs. 2.5 million</p>
4	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. Lien on Security Deposits of Rs 2.97 million</p>
5	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 PG of Piyush Somani & Sarla Somani</p>

7	SIDBI*	RLOC (Long Term Loans)	18.85	upto 2 years 6 months	10.60%	<p>Primary – 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.</p> <p>Collateral – 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 & 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	12.65%	<p>Primary: Plant and Machinery purchased out of Term Loan</p> <p>Lien on Fixed Deposits of Rs 7.01 million</p>
10	IDFC First Bank	Equipment Loan	3.65	12 months	16.00%	Unsecured
11	Axis Bank Ltd.	Auto Loan	0.27	8 months	8.90%	Primary: Vehicle Purchased out of Loan
12	Kotak Mahindra Prime Limited	Auto Loan	5.77	upto 3 years 8 months	9.19%	Primary: Vehicle Purchased out of Loan
16	ICICI Bank Limited	Auto Loan	4.21	31 months	8.25%	Primary: Vehicle Purchased out of Loan
17	Indusind Bank Limited	Term Loan	63.94	4 years 3 months	9.60%	<p>Primary: 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>Collateral: 1) Movable Fixed Assets - First hypothication charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.</p> <p>2) Immovable Assets - First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited & SBI</p> <p>3) FDR/Cash Deposit - First pari-pasu charge on FD of Rs. 5.00 Cr. with Axis Bank & SBI</p> <p>4) Exclusive charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</p>
18	Indusind Bank Limited	Short Term Loan	50.00	On demand	9.60%	<p>Primary: 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>Collateral: 1) Movable Fixed Assets - First hypothication charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.</p> <p>2) Immovable Assets - First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited & SBI</p> <p>3) FDR/Cash Deposit - First pari-pasu charge on FD of Rs. 5.00 Cr. with Axis Bank & SBI</p> <p>4) Exclusive charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</p>
19	Axis AIF	Non-Convertible Debentures	300.00	13 months	12%	<p>1.First and exclusive charge over Identified Assets such that minrnum 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>
Total			1,105.44			

Sr. No	Name of the bank	Type of Facility	O/s amount as on FY end	Residual repayment term	Interest Rate	Security
1	Axis Bank Ltd.	Term Loans	333.56	upto 5 years	Ranging from 8.75% to 8.80%	<p>Primary – First hypothecation charge on entire movable fixed assets financed by Axis Bank Ltd. (both Present & Future)</p> <p>Collateral – Extension of First hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with SBI, excluding receivables charged to SIDBI.</p> <p>Common Collateral (for all the facilities) - Pari Pasu charge with SBI on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>Additional Collateral (for all the facilities) – DSRA of Rs. 4.71 million RD of Rs. 0.5 million per month 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) FD of Rs. 50.00 million with bank’s lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million) Charge on patented technology and patented products of the company</p>
2	Axis Bank Ltd.	Short Term Loans	99.7	On demand	8.75%	<p>Primary - First hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with SBI, excluding receivables charged to SIDBI.</p> <p>Collateral – Extension of first hypothecation charge on entire movable fixed assets of the company financed by Axis Bank Ltd.</p> <p>Common Collateral (for all the facilities) - Pari Pasu charge with SBI on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>Additional Collateral (for all the facilities) – DSRA of Rs. 4.71 million RD of Rs. 0.5 million per month 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) FD of Rs. 50.00 million with bank’s lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million) Charge on patented technology and patented products of the company</p>
3	State Bank of India	Term Loans	108.13	upto 5 years	10.20%	<p>Primary - Exclusive charge by hypothecation of P&M purchased out of SBI TL</p> <p>Collateral - 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>Common Collateral - Pari Pasu charge with Axis Bank Ltd. on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 1st pari pasu RD of Rs. 0.5 million per month 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) 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) Exclusive charge on FD of 0.25 Cr.</p>
4	Clix Finance India Private Limited	Equipment Loan	20.31	32 months	12.50%	<p>Primary: First and exclusive charge on the equipment financed by the lender. Lien on Security Deposits of Rs 2.97 million</p>
5	Hero Fincorp Ltd	Equipment Loan	24.38	upto 21 months	12.00%	<p>Primary: Hypothecation lien marked on the assets being funded by Hero Fincorp Limited PG of Piyush Somani & Sarla Somani</p>
6	SIDBI*	RLOC (Long Term Loans)	47.12	upto 4 years	10.60%	<p>Primary – 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.</p> <p>Collateral – 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 & building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Satpur, Nashik – 422007.</p>
7	Tata Capital Financial Services	Equipment Loan	48.47	upto 39 months	12.65%	<p>Primary: Plant and Machinery purchased out of Term Loan Lien on Fixed Deposits of Rs 7.01 million</p>
8	IDFC First Bank	Equipment Loan	7.06	22 months	16.00%	Unsecured
9	Axis Bank Ltd.	Auto Loan	0.64	21 months	8.90%	Primary: Vehicle Purchased out of Loan
10	Kotak Mahindra Prime Limited	Auto Loan	7.51	upto 56 months	9.19%	Primary: Vehicle Purchased out of Loan
11	ICICI Bank Limited	Auto Loan	6.46	30 months	8.25%	Primary: Vehicle Purchased out of Loan
Total			703.34			

ESDS Software Solution Limited

Notes Forming Part of Separate Financial Statements for the period ended March 31, 2022

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

22 Income tax expense

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax		
Pertaining to profit for the current year	4.02	18.90
MAT credit entitlement	(4.02)	(18.90)
Deferred tax	10.59	32.81
Income tax expense	10.59	32.81
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expenses	31.64	119.89
Tax at the Indian tax rate of 27.82% (2020-21 - 27.82%)	8.80	33.35
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Corporate social responsibility expenditure not allowed under taxation and donation	1.06	0.52
14A disallowance		0.12
Others	0.73	(1.18)
Total	1.79	(0.54)
Net current tax expenses recognised in statement of profit & loss	10.59	32.81

23 Deferred Tax (Net)**(a) Income tax expense**

Particulars	As at March 31, 2022	As at March 31, 2021
Net Deferred tax (assets)/liabilities**	48.57	40.97
Deferred tax assets/liabilities arise from the following:		
Tax credits available:		
MAT credit receivable	62.04	58.02
Deferred tax assets		
Gratuity & compensated absences	24.02	21.33
Provision for doubtful debts, doubtful deposits and capital advance	42.89	32.83
Disallowances under Sec 40(a) of the Income Tax Act 1961		1.01
Lease liabilities	226.26	287.66
Income tax business loss setoff	91.02	56.62
		-
	446.23	457.47
Deferred tax liability		
PP&E depreciation and intangible amortization	258.20	218.75
Right of use of assets	236.60	272.49
Others		7.20
	494.80	498.44

**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 March 31, 2022	As at March 31, 2021
Opening deferred tax (assets) / liabilities	40.97	27.14
Mat credit entitlement	(4.02)	(18.90)
Gratuity & compensated absences	(2.69)	(7.56)
Provision for doubtful debts, doubtful deposits and capital advance	(10.05)	(5.48)
Disallowances under sec 40(a) of the Income Tax Act 1961	1.01	(1.01)
Ind AS assets		32.55
Lease liabilities	61.39	(103.19)
Right of use of assets	(35.89)	89.03
Income tax business loss setoff	(34.40)	(56.62)
PP&E depreciation and intangible amortization	39.45	77.81
Others	(7.20)	7.20
Closing deferred tax liability after set off	48.57	40.97

24 Revenue from operations

Particulars	Year Ended March 31, 2022	Year ended March 31, 2021
Sale of services		
Cloud hosting and managed services	1783.83	1,622.90
Technical support services	88.31	96.37
Licence and Support Services	60.20	
Total revenue from operations	1932.34	1,719.27

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 March 31, 2022	Year ended March 31, 2021
Contract price		
Adjustments for:	1,675.74	1,483.83
Unbilled revenue	339.05	326.80
Unearned revenue	(82.45)	(91.36)
Revenue from continuing operation	1,932.34	1,719.27

25 Other income

Particulars	Year Ended March 31, 2022	Year ended March 31, 2021
Interest :		
Deposits with banks	12.12	10.02
Income tax refund	0.94	8.55
Others	14.92	10.42
Other non-operating income	15.56	
Unwinding of discount on security deposits	3.09	2.01
Total other income	46.63	31.00

26 Employee benefit expense

Particulars	Year Ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	608.95	518.19
Contribution to provident and other funds	23.23	18.49
Gratuity [refer note:33]	12.46	10.70
Compensated absences	14.70	19.96
Employee stock option scheme	5.45	-
Other employee related costs	15.62	12.35
Total employee benefit expense	680.41	579.69

27 Finance costs

Particulars	Year Ended March 31, 2022	Year ended March 31, 2021
Interest expense:		
Borrowings [net of amount capitalised of Rs Nil (March 2021: 2.3)]	94.62	62.98
Lease liabilities	55.51	87.23
Others	8.51	11.95
Bank charges	2.94	4.75
Other borrowing costs	7.70	9.55
Total finance costs	169.28	176.46

28 Depreciation and amortization expense

Particulars	Year Ended March 31, 2022	Year ended March 31, 2021
Depreciation of property, plant and equipment	233.72	241.77
Amortisation of intangible assets	14.21	9.98
Amortisation of right-of-use asset	145.22	122.00
Impairment of assets	27.61	-
Total depreciation and amortization expense	420.76	373.75

ESDS Software Solution Limited

Notes Forming Part of Separate Financial Statements for the period ended March 31, 2022

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

29 Other expenses

Particulars	Year Ended March 31, 2022	Year ended March 31, 2021
Project servicing cost	95.14	48.61
Rental charges	3.79	8.99
Office expenses	3.09	6.06
Travel and conveyance	16.98	15.59
Communication expenses	110.80	95.78
Contract labour charges	51.29	32.05
Corporate social responsibility expenditure [Refer note no:40]	3.80	3.70
Donations	0.20	-
Rates and taxes	15.69	3.55
Directors sitting fees	1.10	-
Legal and professional charges	41.24	58.20
Loss on sale of asset (net)	0.00	2.34
Sales commission	24.31	12.37
Insurance	9.27	4.93
Advertisement and sales promotion	19.65	20.16
Power and fuel charges	69.96	63.20
Repairs and maintenance:		
Computers	3.98	0.41
Others	3.79	2.01
Membership and subscription charges	83.61	65.99
Expected credit loss allowance [refer note no : 35]	70.22	46.48
Foreign exchange fluctuation loss (net)	2.47	3.29
Payment to auditors [refer note below]	3.95	1.66
Balances written off	1.26	0.73
Miscellaneous expenses	6.27	4.38
Total other expenses	641.88	500.48

Payment to auditors

Particulars	Year Ended March 31, 2022	Year ended March 31, 2021
As auditor		
Statutory audit	3.00	1.00
Tax audit fee	0.60	0.25
Transfer pricing audit fees	0.35	0.35
In other capacity		
Fees for other services	-	0.06
Total payment to auditors	3.95	1.66

30 Earnings per share**(a) Earnings per share**

Particulars	March 31, 2022	March 31, 2021
(i) Basic earnings per share		
Profit attributable to equity shareholders of the Company	23.39	87.31
Weighted average number of equity shares**	9,15,71,685	5,22,21,000
Basic earnings per share	0.26	1.67
(ii) Diluted earnings per share		
Profit attributable to equity shareholders of the Company	23.39	87.31
Weighted average number of equity shares	9,15,71,685	5,58,79,711
Diluted earnings per share	0.26	1.56

(b) Profit reconciliation

Particulars	March 31, 2022	March 31, 2021
(i) Basic earnings per share		
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share	23.39	87.31
(ii) Diluted earnings per share		
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share:	23.39	87.31
Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share	23.39	87.31

(c) Weighted average number of shares used as denominator

Particulars	March 31, 2022	March 31, 2021
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	9,15,71,685	5,22,21,000
Adjustments for calculation of diluted earnings per share :		
Compulsory convertible preference shares	-	23,51,477
Class A - Compulsory convertible preference shares	-	7,71,467
Class B1 Compulsory convertible preference shares	-	1,39,643
16% Debentures	-	3,96,124
Class C Compulsory convertible preference shares	-	-
Weighted average number of equity shares and potential shares used as the denominator in calculating diluted earnings per share	9,15,71,685	5,58,79,711

31 Contingencies and commitments

i) Capital commitments

Particulars	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account (net of advances)	36.76	-

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

Particulars	March 31, 2022	March 31, 2021
Claims against the company not acknowledged as debts		
i Income tax matters [^]	-	-
ii Other tax matters : GST ^{^^}	43.00	-
iii Performance Bank guarantees given to customers	296.24	121.84
iv VAT matters ^{^!}	7.51	
Total	346.76	121.84

*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.

- a) The company has received legal opinion to the effect that the claim is neither be sustainable nor likely to lead to any financial claims. The company does not foresee any probable outflow in the matter and accordingly has not specifically disclosed the quantum under contingent liability.

- [^]The Directors i.e Piyush Somani and Sarla Somani have received the notices for TDS Prosecution Proceedings of late payment of TDS amounting to Rs. 28.43 millions for AY 18-19 and Rs. 20.24 millions for AY 17-18 made by
b) ESDS Software Solution Limited against which company have filed for compounding application and final demand order is yet to be received from department.

- ^{^^}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. The reply by the company has been submitted to the CGST department and the management is of the opinion that the claim made by the department is not tenable.
c)

- ^{^^}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 .
d)

- ^{^^^}In Feb 2022, Company have received the legal notice for non-payment to creditor of Rs.15.38 millions from Sara Infoway ITES India. Company is still assessing the facts and will submit reply for the same.
e)

- ^{^!} In March 2022, Company have received demand notice under section 32 of MVAT Act,2002 for Rs.2.74 millions for FY 2017-18 which company has filed an appeal against the same and management believes that such claim is not tenable.
f)

- *< In July 2022, Company have received notice under section 148 of Income tax act,1961 for income escapment amounting to Rs.1346.02 million for AY 2017-2018 and Rs.38.74 millions for AY 16-17 the company believes that the claim is neither be sustainable nor likely to lead to any financial claims. The company does not foresee any probable outflow in the matter and accordingly has not specifically disclosed the quantum under contingent liability.
g)

- The Company has claimed refund of Rs. 2.96 million but due to unmatched/VAT returns are not filed by suppliers VAT department has rejected ITC and issued demand notice of Rs. 4.77 million along with interest and penalty. The company has decided to go in appeal as the company is of the opinion that the claim made by the department is not tenable.
h)

32 Related party transactions

Related Party	Relation
<u>Para 9(a)(ii): Individuals having Significant influence over Reporting Entity(RE)</u>	
Piyush Somani	47.49% shares of company
<u>Relatives of such individuals:</u>	
Pooja Somani	Sister of Chairman and Managing Director
Prajakta Somani Jadhav	Sister of Chairman and Managing Director
<u>Para 9(a)(iii): Individuals who are KMP of RE or KMP of Parent of RE</u>	
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)
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)
<u>Para 9(b)(i): Entities that are parent, subsidiary, fellow subsidiary of RE</u>	
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
<u>Para 9(b)(vi):Individual RP as per Para 9a has control/JC over another entity</u>	
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	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Salaries and allowances	11.74	9.93	1.84	4.23	-	-	-	-
Director remuneration	10.70	8.79	-	-	-	-	-	-
Loan given/(recovered)-net	(2.16)	-	(8.41)	8.50	(130.58)	49.13	-	-
Loan taken/(repaid)-net	-	(5.20)	-	-	-	-	-	-
Operating and other expenses	-	-	-	-	122.81	132.23	0.34	**0.61
Sales of services	-	-	-	-	60.20	-	0.07	**0.01
Director sitting fees	1.10	-	-	-	-	-	-	-
Interest income	-	-	-	-	14.61	10.37	-	-
Rental Income	-	-	-	-	0.14	-	-	-
Investment in share capital	-	-	-	-	-	0.20	-	-
Total	21.37	13.52	(6.57)	12.73	67.17	191.93	0.41	0.62

**Amount paid to Great Ideas in Action LLP for the period ended 31st March 2022 -0.34 million

II Outstanding receivable/(payable) balances

Nature of transactions	KMP		Relatives of KMP		Subsidiary		Individuals having control over another entity	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Payables towards salary / managerial remuneration	2.33	1.81	0.20	0.31	-	-	-	-
Loans payable	-	2.16	-	-	-	-	-	-
Loans and advances	-	-	0.09	8.50	34.19	134.95	-	-
Trade payables	-	0.07	-	0.01	24.84	12.57	0.64	0.39
Accounts due from	-	-	-	-	0.00	3.98	-	-
Security deposits	-	-	-	-	14.00	14.00	-	-

III Amount written off

Particulars	2021-22	2020-21
KMP	-	0.10

IV Compensation to KMP

Particulars	2021-22	2020-21
Short term employee benefits	22.44	18.72
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.22.12 (2021: 15.73) and other funds to Rs.1.11 (2021: 1.45).

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

Particulars	March 31,2022	March 31, 2021
Employers contribution to provident and other funds	23.23	18.49
Total	23.23	18.49

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 gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. 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. These benefits are funded with an insurance company in the form of a qualifying insurance policy.

(a) Movements in the present value of the defined obligation are as follows:	March 31,2022	March 31, 2021
Obligation at the beginning of the year	39.45	29.06
Transfer In / (Out)	-	-
Past Service Cost	-	-
Current service cost	10.09	9.86
Interest expense	2.68	1.98
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Actuarial losses (gains) arising from change in financial assumptions	-	-
Benefits paid	(2.63)	(0.91)
Actuarial losses (gains) arising from experience adjustments	(3.56)	(0.53)
Liability at the end of the year	46.04	39.46

(b) Change in fair value of plan assets	March 31,2022	March 31, 2021
Fair value of plan assets at the beginning of the year	0.47	0.77
Interest income	0.03	0.05
Transfer In / (Out)	-	-
Benefits paid	-	-
Expected Return on plan assets	-	-
Contributions	-	-
Mortality Charges and Taxes	-	-
Actuarial Gain / (Loss) on Plan Assets	(0.32)	(0.35)
Fair value of plan assets at the end of the year	0.19	0.47

(c) The net liability disclosed above relates to funded and unfunded plans are as follows:	March 31,2022	March 31, 2021
Present value of funded obligations	45.44	39.45
Fair value of plan assets	0.19	0.47
Deficit of funded plans	45.25	38.99
Unfunded plans	-	-
Deficit of Gratuity Plan	45.25	38.99

(d) Expenses recognized in the Statement of Profit and Loss under employee benefit expenses.

Particulars	March 31,2022	March 31, 2021
Service cost	10.09	9.86
Net interest (income)/expense	2.65	1.92
Past Service Cost	-	-
Expected return on plan assets	-	-
Settlement cost/(credit)	-	-
Transfer In/(Out)	(2.63)	-
Net actuarial (Gain)/loss recognised in the year	(3.24)	(0.18)
Net gratuity cost	6.87	11.60

(e) Expenses recognized in statement of other comprehensive income:

Remeasurement	March 31, 2022	March 31, 2021
Remeasurement for the year - obligation (Gain)/Loss	(3.56)	(0.53)
Return on plan assets excluding amount included in net interest on net defined liability/(asset) above	(0.32)	0.35
(Return) / loss on plan assets excluding amounts recognised in interest (income)/expenses	-	-
(Gain)/loss from change in demographic assumptions	-	-
Total Remeasurement Cost/(Credit) for the year recognised in OCI	(3.88)	(0.18)

(f) Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:	March 31, 2022	March 31, 2021
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Discount rate	6.80%	6.80%
Rate of growth in compensation level	7.00%	7.00%
Expected average remaining working lives of employees (in years)	58 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, 2022	March 31, 2021
(i) 1% increase in discount rate	40.21	34.41
(ii) 1% decrease in discount rate	53.07	45.57
(iii) 1% increase in rate of salary escalation	52.98	45.49
(iv) 1% decrease in rate of salary escalation	40.17	34.38
(v) 1% increase in rate of withdrawal	40.35	39.41
(iv) 1% decrease in rate of withdrawal	40.35	39.50

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, 2022	March 31, 2021
Year 1	1.45	1.82
Year 2	1.50	1.32
Year 3	1.44	1.22
Year 4	1.39	1.17
Year 5	1.35	1.13
Year 6 to 10	5.21	3.09

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, 2022	March 31, 2021
Fund managed by insurance company	100%	100%

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, 2022	March 31, 2021
Fund managed by insurance company	100%	100%

34 Fair value measurements

Financial instruments by category

Particulars	March 31, 2022		March 31, 2021	
	FVPL	Amortised cost	FVPL	Amortised cost
Financial assets				
Non- current financial assets				
Term deposits with maturity more than 12 months from reporting date	-	151.35	-	182.19
Security deposits	-	50.60	-	43.39
Current financial assets				
Trade receivables	-	634.30	-	470.21
Cash and cash equivalents	-	340.32	-	138.24
Other bank balances	-	146.39	-	8.16
Unbilled revenue	-	339.05	-	326.80
Other current financial assets				
Security deposits	-	33.79	-	23.78
Loan to subsidiaries	-	34.19	-	134.95
Other loans and advances	-	-	-	-
Total financial assets	-	1,729.98	-	1,327.72
Financial liabilities				
Non-current financial liabilities				
Non-current borrowings	-	656.13	-	439.55
Lease liabilities	-	608.31	-	578.94
Other non-current financial liabilities				
Capital creditors	-	-	-	-
Current financial liabilities				
Current borrowings	-	449.30	-	101.86
Lease liabilities	-	205.00	-	455.05
Trade payables	-	249.47	-	231.86
Unearned revenue	-	82.45	-	91.36
Other current financial liabilities				
Current maturities of long term borrowings	-	271.30	-	164.27
Capital creditors	-	143.66	-	428.47
Application money received for allotment of securities to the extent refundable and interest accrued thereon^	-	300.00	-	-
Total financial liabilities	-	2,965.62	-	2,491.36

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 period ended March 31, 2022

(All amounts are in Rupees Millions, unless otherwise stated)

As at 31st March 2022

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3	Total
Financial assets				
Non- current financial assets				
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	-	-	339.05	339.05
Other current financial assets				
Security deposits	-	-	33.79	33.79
Loan to subsidiaries	-	-	34.19	34.19
Other loans and advances	-	-	-	-
Total financial assets	-	-	1,729.98	1,729.98
Financial liabilities				
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	-	-	249.47	249.47
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
Total financial liabilities	-	-	2,965.62	2,665.62

As at 31 March, 2021

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3	Total
Financial assets				
Non- current financial assets				
Term deposits with maturity more than 12 months from reporting date	-	-	182.19	182.19
Security deposits	-	-	43.39	43.39
Current financial assets				
Trade receivables	-	-	470.21	470.21
Cash and cash equivalents	-	-	138.24	138.24
Other bank balances	-	-	8.16	8.16
Unbilled revenue	-	-	326.80	326.80
Other current financial assets				
Security deposits	-	-	23.78	23.78
Loan to subsidiaries	-	-	134.95	134.95
Other loans and advances	-	-	-	-
Total financial assets	-	-	1,327.72	1,327.72
Financial liabilities				
Non-current financial liabilities				
Non-current borrowings	-	-	439.55	439.55
Lease liabilities	-	-	578.94	578.94
Other non-current financial liabilities				
Capital creditors	-	-	-	-
Debt component of compound financial instruments	-	-	-	-
Current financial liabilities				
Current borrowings	-	-	101.86	101.86
Lease liabilities	-	-	455.05	455.05
Trade payables	-	-	231.86	231.86
Unearned revenue	-	-	91.36	91.36
Other current financial liabilities				
Current maturities of long term borrowings	-	-	164.27	164.27
Capital creditors	-	-	428.47	428.47
Proposed dividend on preferences shares	-	-	-	-
Total financial liabilities	-	-	2,491.37	2,491.37

ESDS Software Solution Limited

Notes Forming Part of Separate Financial Statements for the period ended March 31, 2022

(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 periodically 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
Loss allowance as at March 31, 2020	98.33
Add/(less): Changes in Loss Allowance	
: Bad debts written off during the year	(11.14)
: Provision for the year	46.48
Loss allowance as at March 31, 2021	133.67
Add/(less): Changes in Loss Allowance	
Bad debts written off during the year	(49.73)
: Provision for the year	70.22
Loss allowance on March 31, 2022	154.16

(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, 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
Other non-current financial liabilities				
Current financial liabilities				
Current borrowings	449.30			449.30
Lease liabilities	205.00			205.00
Trade payables	249.47			249.47
Unearned revenue				-
Other current financial liabilities	526.11			526.11
Capital creditors	143.66			143.66
Total	1,573.54	866.84	397.61	2,837.99

March 31, 2021	Current	1 year to 3 years	More than 3 years	Total
Non-current financial liabilities				
Non-current borrowings	-	307.54	132.01	439.55
Lease liabilities	-	149.08	429.86	578.94
Current financial liabilities				
Current borrowings	101.86	-	-	101.86
Lease liabilities	455.05	-	-	455.05
Trade payables	231.86	-	-	231.86
Unearned revenue	91.36	-	-	91.36
Current maturities of long term borrowings	164.27	-	-	164.27
Capital creditors	428.47	-	-	428.47
Total	1,472.87	456.62	561.87	2,491.36

(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

Details of foreign currency exposures that are not hedged by a derivatives instrument or otherwise:

Particulars	March 31, 2022	March 31, 2021
Receivables (asset)		
USD	0.02	0.87
GBP	0.07	0.08
EUR	0.00	
Payables (liability)		
USD	0.59	0.10
GBP	0.00	-
SGD		-
Loan (given)		
USD	-	0.03
AED	-	5.44
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 period are as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on variable rate borrowings	94.62	46.46

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, 2022	Year ended March 31, 2021
If interest rates -		
Increase by 1%	0.95	0.46
Decrease by 1%	(0.95)	(0.46)

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 period ended 31st March 2022
Employee stock ownership plan expense	5.45

There were 2,82,000 cancellations and no modifications to the options in the period ended 31st March 2022

The carrying amount of the liability relating to the Employee Stock Ownership Plan at 31st March 2022 was Rs.5.45 million.

(d) Reconciliation of outstanding share options

The number share options under the share option scheme are as follows

Particulars	For the period ended 31st March 2022
Options outstanding as at the beginning of the period	-
Add: Options granted during the period	20,45,000
Less: Options forfeited and expired during the period	2,82,000
Less: Options exercised during the period	-
Options outstanding as at the period end	17,63,000

Exercisable at the end of the period

Nil

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 period was as follows.

Particulars	As at March 31, 2022	As at March 31, 2021
Debt*	1,105.43	705.67
Cash and bank balances	(340.32)	(138.24)
Net debt	765.11	567.43
Shareholders' funds		
Equity share capital	91.57	52.22
Reserves and surplus	2,044.09	1,851.80
Total equity	2,135.66	1,904.02
Net debt to equity ratio	0.36	0.30

* 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 any information from their suppliers for the year ended 31 March 2022 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 March 31, 2022 and for the year ended March 31, 2021

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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
India	1,764.96	1,581.14	4,246.22	3,438.12
Outside India	167.37	138.13	56.81	264.13
Total	1,932.34	1,719.27	4,303.04	3,702.25

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, 2022 and March 31, 2021

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. 3.80 millions (March 31, 2021: Rs. 3.70) for the period towards this cause and charged the same to the Statement of Profit And Loss.

The gross amount required to be spent during the period was Rs 3.80 millions

Particulars	March 31,2022	March 31, 2021
Contribution	3.80	3.70
Total	3.80	3.70
Amount required to be spent as per Section 135 of the Act*	3.80	3.79
Amount spent during the year on		
(i) COVID 19 relief measures	-	1.10
(ii) Education trust	3.80	2.60

Details of ongoing CSR projects under Section 135(6) of the Act

Balance as at April 1, 2021		Amount required to be spent during the period	Amount spent during the period		Balance as at 31 March 2022	
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	-	-	-	-	-	-

Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

Balance unspent as at 1 April 2021	Amount deposited in Specified Fund of Schedule VII of the Act	Amount required to be spent during the period	Amount spent during the period	Balance unspent as at 31 March 2022
-	-	3.80	3.80	-

Details of excess CSR expenditure under Section 135(5) of the Act

Balance excess spent as at 1 April 2021	Amount required to be spent during the period	Amount spent during the period	Balance excess spent as at 31 March 2022
-	3.80	3.80	-

41 FEMA

i. The company has not made payments against imports within six months from the date of expenditure/shipment. The management of the company represented that it will make an application to Authorised Dealer in due course for condoning of non-compliances and breaches.

42 Ageing Schedule

a) Trade Receivables

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	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)	-

Outstanding for following period from due date of payment as at 31st March 2021

Particulars	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	411.25	87.98	56.97	2.58	15.38	(103.96)	470.21
Trade Receivables-Credit Impaired	-	-	15.65	-	-	(15.65)	-

b) Trade Payables

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

Outstanding for following period from due date of payment as at 31st March 2021

Particulars	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	205.88	25.98	-	-	-	231.86

c) Capital WIP

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

As at 31st March 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
CWIP	2.74	0.96	-	-	3.70

d) Intangible asset under development

As at 31st March 2022

Particulars	Amount of Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
SpoChub	-	-	-	-	-

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
SpoChub	-	-	-	-	-

As at 31st March 2021

Particulars	Amount of Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
SpoChub	23.12	-	-	-	23.12

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
SpoChub	23.12	-	-	-	23.12

ESDS Software Solution Limited
Separate Financial Statements
Notes Forming Part of Financial Statements for the year ended March 31 , 2022

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 three cities Nashik, Mumbai and Bengaluru.

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 (Formerly known as ESDS Software Solution Private 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
Separate Financial Statements
Notes Forming Part of Financial Statements for the year ended March 31 , 2022

- 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. 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 period ended March 31, 2022.

(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.
- (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.

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(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 (in years)* 2021	Useful life till March (in years) 2020
Office building	60	60
Computers and data centre equipments	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.

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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.

2.3 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 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.

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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.

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.

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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.

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.

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 recognised initially 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 relates to unbilled work-in-progress as on each reporting date as per terms of the contracts with customers.

2.8 Other financial assets

(i) Classification

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

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- 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 derecognition 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

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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. Note 35 details 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.

2.9 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.

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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.

2.10 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.

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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.

2.11 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. 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.

2.12 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.

2.13 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.

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2.14 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 is measured based on transaction price, which is the fair value of consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognized based on the price specified in the contract, net of the estimated sales incentives/discounts. 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

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(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 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 (Specially 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 an 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.

2.15 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.

2.16 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

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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.

2.17 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.

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, 2022, 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 (hereinafter 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, 2022, 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 financial year ended March 31, 2022. As per our judgement, there are no Key Audit Matters that need to be reported under SA 701.

Information other than the Financial Statements and Auditors' Report thereon

The Holding 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 and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the 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.

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)The comparative financial information of the Group for the year ended March 31, 2021 prepared in accordance with Ind AS, included in these IND AS financial statements, have been audited by us for the relevant periods. The report furnished by us relating to the comparative financial information expressed an unmodified opinion.

b)We have not audited the financial statements/financial information of four subsidiaries, whose financial statements reflect total assets of Rs. 728.93 millions as at 31 March 2022, total Revenues of Rs 52.66 million for the year ended at 31 March 2022. 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.

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, 2022, 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, 2021, 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.

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 31,2022 has been paid by the company to its directors in accordance with the provisions of Section 197 read with schedule V of the act.

For Shah Khandelwal Jain & Associates

Chartered Accountants

Firm Registration No. 142740W

Sd/-

Ashish Khandelwal

Partner

Membership No.049278

Place : Pune

Date :22/09/2022

UDIN : 22049278AUDHMJ3466

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, 2022 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, 2022, 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, 2022.

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: 22/09/2022
UDIN: : 22049278AUDHMJ3466

ESDS Software Solution Limited
Consolidated Balance sheet as at 31st March 2022
(All amounts are in Rupees millions, unless otherwise stated)

Particulars	Notes	March 31, 2022	March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,043.32	2,070.30
Right-of-use of assets	4	850.90	995.01
Capital work-in-progress	5	0.70	3.70
Intangible assets	6a	164.53	42.07
Intangible assets under development	6b	-	46.94
Non-current financial assets	7.a	206.03	230.47
Other non-current assets	8	2.13	-
Total non-current assets		3,267.61	3,388.49
Current assets			
Current financial assets			
Trade receivables	9	638.53	466.24
Cash and cash equivalents	10	350.60	143.81
Other bank balances	11	146.39	8.16
Other current financial assets	7.b	373.05	350.58
Income-tax assets	12	163.70	63.79
Other current assets	13	285.45	183.30
Total current assets		1,957.72	1,215.88
Total assets		5,225.34	4,604.37
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	91.57	52.22
Other equity			
Equity component of compound financial instrument	15	-	1,239.84
Reserves and surplus	15	1,897.04	513.20
Other reserves	15	68.44	65.53
Equity attributable to owners of ESDS Software Solution Limited		2,057.05	1,870.79
Non-controlling interest	40	(4.31)	(4.74)
Total equity		2,052.74	1,866.05
LIABILITIES			
Non-current liabilities			
Non current financial liabilities			
Non-current borrowings	16.a	655.88	439.55
Lease liabilities		608.31	578.95
Other non-current financial liabilities	17.a	-	-
Employee benefit obligations	18	83.97	72.56
Deferred tax liabilities (net)	23	36.14	32.68
Total non-current liabilities		1,384.30	1,123.73
Current liabilities			
Current financial liabilities			
Current borrowings	16.b	678.66	266.12
Lease liabilities	4	205.00	455.06
Trade payables			-
Total outstanding dues of micro enterprises and small enterprises	19	10.71	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	19	232.02	247.55
Other current financial liabilities	17.b	535.03	519.83
Employee benefit obligations	18	3.09	4.10
Income-tax liabilities	20	0.26	0.38
Other current liabilities	21	123.53	121.53
Total current liabilities		1,788.30	1,614.58
Total liabilities		3,172.60	2,738.31
Total equity and liabilities		5,225.34	4,604.37

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
Piyush Somani Komal Somani Prasad Deokar

Sd/-
Ashish Khandelwal

Sd/-
Chairman and
Managing Director
DIN :02357582

Sd/-
Whole Time Director
DIN: 08477154

Sd/-
Company Secretary
Membership No.:
A34350

Partner

Membership No.: 049278
Place : Pune
Date : 22/09/2022

Place: Nashik
Date : 22/09/2022

Place: Nashik
Date : 22/09/2022

Place: Nashik
Date : 22/09/2022

ESDS Software Solution Limited
Consolidated Statement of Cashflows for the year ended 31st March 2022
(All amounts are in Rupees millions, unless otherwise stated)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
A) Cash flows from operating activities		
Profit before tax	(21.47)	87.66
Adjustments for		
Depreciation and amortisation expense	429.47	373.93
(Gain)/Loss on disposal of property, plant and equipment		2.34
Expected Credit loss allowance	70.22	46.48
Interest income classified as investing activities	(16.51)	(20.73)
Finance costs	177.19	176.47
Unrealised exchange (gain)/loss	2.51	6.25
Operating profit before working capital changes	641.41	672.41
Changes in working capital		
(Increase) / Decrease in trade receivables	(245.01)	(58.09)
(Increase) / Decrease in other current and non current financial assets	(29.85)	(181.00)
(Increase) / Decrease in other current and non current assets	(104.28)	54.19
Increase / (Decrease) in trade payables	(4.82)	(75.21)
Increase / (Decrease) in employee benefit obligations	10.41	26.93
Increase/ (Decrease) in other current and non current financial liabilities	(8.91)	(27.84)
Increase/ (Decrease) in other current and non current liabilities	2.01	29.85
Cash generated from operations	260.95	441.23
Income taxes paid (net of refunds received)	(96.57)	50.99
Net cash inflow/ (outflow) from operating activities	164.39	492.22
B) Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(605.58)	(691.20)
Proceeds from sale of property, plant and equipment	-	131.92
Bank balances not considered as cash and cash equivalents	(106.41)	(31.21)
Interest/ income on investment received	16.51	18.05
Net cash flows from investing activities	(695.48)	(572.44)
C) Cash flows from financing activities		
Proceeds from issue of preference shares	199.99	299.27
Proceeds from Rights issue	7.00	-
Proceeds from issue of Non-convertible debentures	300.00	
Share application money received allotment pending	300.00	
Increase/ (decrease) of non-current borrowings	(83.67)	173.58
Increase/ (decrease) of current borrowings	412.54	24.78
Principal elements of lease payments	(277.50)	(189.34)
Interest paid on borrowings	(121.67)	(90.80)
Net cash inflows/ (outflow) from financing activities	736.69	217.50
Net increase / (decrease) in cash and cash equivalents	205.60	137.28
Foreign currency translation impact on cash and cash equivalents	1.18	0.12
Cash and cash equivalents at the beginning of the financial year	143.82	6.42
Cash and cash equivalents at the end of the financial year	350.60	143.82

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

	March 31, 2022	March 31, 2021
Cash and cash equivalents (Note 10)	350.60	143.82
Balances as per statement of cash flows	350.60	143.82

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 : 22/09/2022

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

Sd/- Sd/-
Chairman and **Whole Time Director**
Managing Director

DIN :02357582 **DIN: 08477154**
Place: Nashik **Place: Nashik**
Date : 22/09/2022 **Date : 22/09/2022**

Prasad Deokar

Sd/-

Company Secretary
Membership No.: A34350
Place: Nashik
Date : 22/09/2022

ESDS Software Solution Limited
Consolidated Statement of Changes in Equity for the year ended 31st March 2022
(All amounts are in Rupees millions, unless otherwise stated)

A. Equity share capital

Equity shares of Rs.10 each issued, subscribed and fully paid up**

Particulars	Note	Total
As at March 31, 2020		52.22
Change in equity share capital		-
As at March 31, 2021		52.22
Change in equity share capital		39.35
As at March 31, 2022		91.57

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, 2020	940.58	6.85	3.59	-	447.74	(2.47)	66.40		(5.91)	1,456.79
Profit for the year		-	-		53.69				1.16	54.85
Currency translation adjustments for subsidiaries						2.72				2.72
Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings					1.12		(1.12)			0.00
Other comprehensive income		-	-		0.23					0.23
Equity component of compound financial instruments issued during the year	299.27									299.27
Total	299.27	-	-		55.04	2.72	(1.12)		1.16	357.07
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)			-
Deferred tax impact on above adjustments										-
Other comprehensive income					2.34					2.34
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								
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	179.54
As at March 31, 2022	0.00	1,414.48	3.59	30.00	448.99	(1.17)	64.17	5.45	(4.31)	1,961.17

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

Sd/-

Ashish Khandelwal
Partner
Membership No.: 049278
Place : Pune
Date : 22/09/2022

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 : 22/09/2022

Sd/-

Komal Somani
Whole Time Director
DIN: 08477154
Place: Nashik
Date : 22/09/2022

Sd/-

Prasad Deokar
Company Secretary
Membership No.: A34350
Place: Nashik
Date : 22/09/2022

3 Property, plant and equipment

Particulars	Land	Leasehold land improvements	Buildings	Computer and data centre equipment	Office equipments	Furniture & fixture	Vehicles	Total
Opening gross carrying amount as on April 1, 2020	65.67	53.19	110.51	1,517.99	280.67	59.91	22.98	2,110.93
Additions during the year	-	-	-	428.98	159.96	7.70	9.48	606.12
Disposals during the year*	-	-	-	142.20	0.42	-	-	142.62
Gross carrying amount as on March 31, 2021	65.67	53.19	110.51	1,804.77	440.21	67.61	32.46	2,574.43
Accumulated depreciation till April 1, 2020	0.38	0.93	1.24	229.43	36.48	5.66	4.14	278.25
Charge for the year	0.73	0.93	2.14	173.23	53.52	6.64	4.58	241.77
Accumulated depreciation on disposals during the year	-	-	-	15.89	-	-	-	15.89
Closing accumulated depreciation as at March 31, 2021	1.11	1.86	3.38	386.77	90.00	12.30	8.72	504.13
Net carrying amount as on March 31, 2021	64.56	51.33	107.13	1,418.00	350.21	55.31	23.74	2,070.30

*includes transfer on account of sale and lease back of assets having carrying amount of Rs. 126.31 million.

Particulars	Land	Leasehold land improvements	Buildings	Computer and data centre equipment	Office equipments	Furniture & fixture	Vehicles	Total
Opening gross carrying amount as on April 1, 2021	65.67	53.19	110.51	1,804.77	440.21	67.61	32.46	2,574.42
Additions during the period	-	-	0.13	223.49	9.21	1.57	-	234.38
Disposals during the period*	-	-	-	-	-	-	-	-
Impairment of assets**	-	-	-	(13.62)	(13.99)	-	-	(27.61)
Gross carrying amount as on March 31, 2022	65.67	53.19	110.64	2,014.63	435.42	69.18	32.46	2,781.19
Accumulated depreciation till April 1, 2021	1.11	1.86	3.38	386.77	90.00	12.30	8.72	504.14
Charge for the period	0.73	0.93	2.14	164.79	53.88	7.10	4.15	233.73
Accumulated depreciation on disposals during the period	-	-	-	-	-	-	-	-
Closing accumulated depreciation as at March 31, 2022	1.84	2.79	5.52	551.56	143.88	19.40	12.87	737.87
Net carrying amount as on March 31, 2022	63.83	50.40	105.12	1,463.07	291.55	49.78	19.59	2,043.32

**As per IND AS 36-Impairment of assets, during the current period impairment testing for the assets pertaining to locations outside India have been done by the management. As 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. Management estimated that only 65% of this assets will be recoverable as on this date. Hence, decided to impair 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 2022***(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, 2022**

Particulars	Premises	Server	Amount
Balance as on April 2019	524.37	33.84	558.21
Addition	26.33	133.42	159.75
Amortisation	58.79	24.76	83.55
Balance as on March 2020	491.91	142.50	634.41
Addition	150.28	332.51	482.79
Amortisation	72.07	50.12	122.19
Balance as on March 2021	570.12	424.90	995.01
Addition	1.30	-	1.30
Amortisation	94.17	51.24	145.41
Balance as on March 2022	477.25	373.66	850.90

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, 2022	March 31, 2021
Non-current	608.31	578.95
Current	205.00	455.05
Total	813.31	1,034.00

ESDS Software Solution Limited**Notes Forming Part of Consolidated Financial Statements for the year ended 31st March 2022***(All amounts are in Rupees millions, unless otherwise stated)***5 Capital Work in Progress**

Particulars	Capital work-in-progress
Opening gross carrying amount as on April 1, 2019	43.21
Additions	403.14
Disposals	51.70
Gross carrying amount as on March 31, 2020	394.65

Particulars	Capital work-in-progress
Opening gross carrying amount as on April 1, 2020	394.65
Additions	4.69
Disposals	395.64
Gross carrying amount as on March 31, 2021	3.70

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

Notes:

Refer to note 32 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 their year ended 31st March 2022

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

6a Intangible assets

Particulars	Softwares
Opening gross carrying amount as on April 1, 2020	29.64
Additions during the year	29.90
Disposals during the year	-
Gross carrying amount as on March 31, 2021	59.54
Accumulated Amortisation	
Balance as at April 1, 2020	7.49
Amortisation charge for the year	9.99
Accumulated amortisation on disposals during the year	-
Closing accumulated depreciation as at March 31, 2021	17.48
Net carrying value as on March 31, 2021	42.07

Particulars	Softwares
Opening gross carrying amount as on April 1, 2021	59.54
Additions during the period	62.05
Add: Transfer from Intangible assets under development	83.20
Gross carrying amount as on March 31, 2022	204.79
Accumulated Amortisation	
Balance as at April 1, 2021	17.48
Amortisation charge for the period	22.78
Accumulated amortisation on disposals during the period	-
Closing accumulated depreciation as at March 31, 2022	40.26
Net carrying value as on March 31, 2022	164.53

6b Intangible assets under development

Particulars	Intangible assets under development
Opening gross carrying amount as on April 1, 2020	-
Additions	46.94
Gross carrying amount as on March 31, 2021	46.94
Opening gross carrying amount as on April 1, 2021	46.94
Additions	36.26
Less : Transferred to Intangible assets	83.20
Gross carrying amount as on March 31, 2022	-

	Particulars	As at March 31, 2022	As at March 31, 2021
7.a	Non-current financial assets		
	Term deposits with maturity more than 12 months from reporting date	153.70	185.53
	Accrued interest on above deposits	0.50	0.38
	Security deposits		
	Against leased assets	51.83	44.56
	Total non-current financial assets	206.03	230.47
7.b	Other current financial assets		
	Security deposit		
	Against leased asset	33.79	23.78
	Other loans and advances	21.86	21.65
	Less: Loss allowance	(21.65)	(21.65)
	Unbilled revenue	339.05	326.79
	Total other current financial assets	373.05	350.58

8 Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances	11.48	9.35
Less: Loss allowance	(9.35)	(9.35)
Total other non-current assets	2.13	-

9 Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables	778.63	585.85
Less: Loss allowance	(124.45)	(103.96)
Less: credit impaired	(15.65)	(15.65)
Total trade receivables	638.53	466.24
Break-up of security details		
Trade receivables (unsecured)		
Considered good	762.98	570.20
Significant increase in credit risk	15.65	15.65
Less: Loss allowance	(124.45)	(103.96)
Less: credit impaired	(15.65)	(15.65)
Total trade receivables	638.53	466.24

10 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks	350.32	142.60
Cash on hand	0.28	1.21
Cheques in hand	-	-
Total cash and cash equivalents	350.60	143.81

11 Other bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
Term deposits with original maturity with more than 3 months but due within 12 months from the date of reporting	146.39	7.81
Accrued interest on above term deposits	-	0.35
Total other bank balances	146.39	8.16

12 Income-tax assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance tax and tax deducted at source (net of provision)	163.70	63.79
Total income-tax assets	163.70	63.79

12.a Movement in income-tax assets

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	63.79	134.72
Tax charge during the year	(4.46)	(19.28)
Tax charge in respect to earlier years	5.80	-
Refund of taxes		(112.60)
Payment of advance tax/tax deducted at source during the year	98.57	60.95
Closing balance	163.70	63.79

13 Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Prepayments	175.63	94.42
Advances to creditors	13.91	7.11
Advances to employees	1.83	13.70
Balances with statutory/government authorities	33.59	62.52
Share issue expenses (to the extent of not written off or adjusted)*	16.48	-
Other receivables	44.01	5.55
Total other current assets	285.45	183.30

*The Company has so far incurred share issue expenses of INR 53.28 million as at March 31, 2022 (March 31, 2021: Nil) in connection with proposed public offer of equity shares. In relation to the expenses incurred for the proposed Initial Public Offer (offer for sale from existing shareholders) of equity shares of the Company during the year ended 31 March 2022, the selling shareholders at that time had confirmed that the expenses incurred by the Company till date and future expenses (including any tax reimbursements) will be reimbursed by each of them on a proportionate basis (i.e. in proportion to the respective selling shareholding pattern) which have been kept in Other receivables in financial statements. These expenses had been approved by the shareholders in accordance with the agreements for services entered into by the Company for the purpose of proposed IPO.

These expenses shall be adjusted against securities premium as permissible under Section 52 of the Companies Act, 2013 on successful completion of Initial Public Offer (IPO). The entire amount has been carried forward and disclosed under the head 'Other Current Assets' as Share issue expenses.

14 Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital:		
1,15,00,000(2021 : 1,15,00,000) equity shares of Rs 1 each***	115.00	115.00
31,50,000 (2021: 30,00,000) 0.01% compulsory convertible preference shares of Rs 100 each	315.00	300.00
2,00,000 (2021:2,00,000) 16% compulsory convertible preference shares of Rs 100 each	20.00	20.00
10,00,000 (2021: Nil) 0.01% compulsory convertible preference shares of Rs 10 each	10.00	-
Total	460.00	435.00
Issued, subscribed and paid up :		
Equity share capital		
9,15,71,685 (2021: 52,22,100) equity shares of Rs 1 each fully paid up***	91.57	52.22
Total	91.57	52.22

**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
Total		70,00,000

(i) Reconciliation of number of equity shares issued, subscribed and paid up

Particulars	As at March 31, 2022	As at March 31, 2021
Shares outstanding at the beginning of the year	52,22,100	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	
Shares outstanding at the end of the year	9,15,71,685	52,22,100

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.

(ii) Reconciliation of equity share capital issued, subscribed and paid up

Particulars	As at March 31, 2022	As at March 31, 2021
Equity share capital outstanding at the beginning of the year	52.22	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	-
Equity share capital outstanding at the end of the year	91.57	52.22

(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

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

Name of the shareholder	As at March , 2022		As at March , 2021	
	% holding	No. of shares	% holding	No. of shares
Piyush Somani	29.32%	2,68,52,696	47.49%	24,80,000
PO Somani Family Trust	24.54%	2,24,67,478	-	-
Sarla Somani	2.07%	18,97,637	47.49%	24,80,000
SAGF II Holdings LLC	10.38%	95,06,036	-	-
South Asia Growth Fund II, L.P. (SAGF)	22.62%	2,07,14,896	3.67%	1,91,858
GEF ESDS Partners, L.L.C. (GEPL)	8.28%	75,84,133	1.35%	70,242
EsdS Employee Benefit Trust	2.60%	23,82,094	-	-
Total number of shares		9,15,71,685		52,22,100

(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	29.32%	-18.17%

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

15 Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
I. Equity component of Compound Financial Instrument		
Preference share capital		
Compulsory convertible preference shares of Rs 100 each fully paid up		
23,51,477 (2021 : 23,51,477) (2020 : 23,51,477) 0.01% compulsory convertible preference shares of Rs 100 each fully paid up	-	530.57
5,67,866 (2021 : 5,67,866) (2020 : 5,67,866) 0.01% class A compulsory convertible preference shares of Rs 100 each fully paid up	-	410.00
1,62,842 (2021 : 1,62,842) (2020 : NIL) 0.01% class B1 compulsory convertible preference shares of Rs 100 each fully paid up	-	78.00
6,77,930 (2021 : NIL) (2020 : NIL) 0.01% Class C compulsory convertible preference shares of Rs 10 each fully paid up	-	-
	-	-
4,61,934 (2021 : 4,61,934) (2020 : NIL) 0.01% Compulsory convertible debentures	-	221.27
	-	1,239.84
II. Reserves and surplus		
Retained earnings	448.98	502.76
Securities premium	1,414.48	6.85
Capital redemption reserve	3.58	3.58
Debenture redemption reserve	30.00	-
Total reserves and surplus	1,897.04	513.19
(i) Retained earnings		
Opening balance	502.76	447.73
Profit for the year attributable to shareholders of the company	(27.24)	53.69
Other comprehensive income attributable to shareholders of the company	2.34	0.23
Add/Less:		
Shares in reserves and surplus of minority		
Transfer to debenture redemption reserve	(30.00)	-
Adjustment of additional depreciation on increase in carrying value due to fair valuation	1.12	1.12
Total retained earnings	448.98	502.76
(ii) Securities premium		
Opening balance	6.85	6.85
Add: on account of conversion of preference shares	1,407.63	-
Total securities premium	1,414.48	6.85
(iii) Capital redemption reserve		
Opening balance	3.58	3.58
Add: Transfer from retained earnings	-	-
Total capital redemption reserve	3.58	3.58
(iv) Debenture redemption reserve		
Opening balance	-	-
Add: Transfer from retained earnings	30.00	-
Total debenture redemption reserve	30.00	-
III. Other reserves		
i) Foreign currency translation reserve		
Opening balance	0.25	(2.47)
Add : Currency translation adjustments for subsidiaries	(1.42)	2.72
Total foreign currency translation reserve	(1.17)	0.25
ii) Revaluation reserve		
Opening balance	65.28	66.40
Less: adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings	(1.12)	(1.12)
Total revaluation reserve	64.16	65.28
(ii) Share based payment reserve		
Opening balance	-	-
Expense recognized for the year	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	-	-
Total share based payment reserve	5.45	-
Total other reserves	68.44	65.53
Total equity	1,965.48	1,818.56

I) Nature and purpose of equity component

Rights, preferences and restrictions attached to preference shares

Compulsory convertible cumulative preference shares (CCCPS) of Rs. 100 each were issued on June 4, 2018 carrying a coupon rate of 0.01% p.a. Company has further issued class A compulsory convertible cumulative preference shares of Rs. 100 each on August 6 and 8 2019 and class B1 compulsory convertible cumulative preference shares on October 14 2020 carrying a coupon rate of 0.01% p.a. The Company has also issued compulsorily convertible debentures of Rs. 479 on June 10 2020 carrying coupon rate of 0.01%. In the event the dividend declared on ordinary equity shares exceeds rate mentioned, then such higher rate shall be applicable to the CCCPS as well.

The Company has made a fresh issue of compulsory convertible cumulative preference shares (Class C CCCPS) of Rs. 10/- issued at a premium of Rs. 285/- per share on August 6 2021.

These preference shares carry a preferential right as to dividend over equity shareholders. If dividend is not paid in any particular year, the dividend shall accumulate and in the year in which dividends are declared by the Company, all unpaid dividends must be first paid to the shareholders, before disbursement of dividends to any other shareholders.

The preference shareholders shall have the right to convert any or all of the subscription shares as the case may be at its sole discretion and at any time within 10 (ten) years from the date of their issuance, into equity shares of the Company without any additional payment to the Company for such conversion. At the end of the 10th (tenth) year from the date of issuance, the preference shares which are not converted shall stand automatically converted into equity shares of the Company.

The holder of subscribed securities shall be entitled to attend all the shareholders meeting and to vote on an as if converted / diluted shareholding basis.

(i) Details of shareholders holding more than 5% preferences shares is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
South Asia Growth Fund II, L.P. (SAGF)	-	-	73.20%	17,21,281
GEF ESDS Partners, L.L.C. (GEPL)	-	-	26.80%	6,30,196

(ii) Details of shareholders holding more than 5% Preferences shares (class A) is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
SAGF Holdings LLC	-	-	99.36%	5,64,232

(iii) Details of shareholders holding more than 5% preferences shares (class B1) is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
SAGF Holdings LLC	-	-	99.36%	1,61,800

(iv) Details of shareholders holding more than 5% preferences shares (class C) is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
SAGF Holdings LLC	-	-	99.36%	6,73,591

(v) Details of shareholders holding more than 5% of compulsory convertible debentures is set out below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of shares	% holding	No. of shares
SAGF Holdings LLC	-	-	99.36%	4,58,977

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

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the year	23,51,477	23,51,477
Shares issued during the year	-	-
Conversion of preference shares	23,51,477	-
Shares outstanding at the end of the year	-	23,51,477

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

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the year	5,67,866	5,67,866
Shares issued during the year	-	-
Conversion of preference shares	5,67,866	-
Shares outstanding at the end of the year	-	5,67,866

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

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the year	1,62,842	-
Shares issued during the year	-	1,62,842
Conversion of preference shares	1,62,842	-
Shares outstanding at the end of the year	-	1,62,842

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

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the year		-
Shares issued during the year	6,77,930	-
Conversion of preference shares	6,77,930	-
Shares outstanding at the end of the year	-	-

(x) Reconciliation of compulsory convertible debentures outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid up		
Shares outstanding at the beginning of the year	4,61,934	-
Shares issued during the year		4,61,934
Conversion of CCD	4,61,934	-
Shares outstanding at the end of the year	-	4,61,934

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.

plan.

c) Debenture Redemption Reserve

Debenture redemption reserve have been created at 10% of the value of the outstanding non-convertible debentures

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 depreciation 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 March 31, 2022	As at March 31, 2021
Non-Convertible Debentures		
300 Non Convertible Debentures (FV=10,00,000 each)*	300.00	-
Secured:		
Term loans		
From banks	464.49	441.70
From financial institutions	148.80	140.28
Vehicle loans from banks	10.25	14.60
Unsecured:		
Term loans		
From financial institutions	3.65	7.06
From promoter	-	-
Liability portion of compound financial instruments		
23,51,477 (2020 : 23,51,477) 0.01% compulsory convertible preference shares of Rs 100 each fully paid up	-	0.18
5,67,866 (2020 : 5,67,866) 0.01% Class A compulsory convertible preference shares of Rs 100 each fully paid up*	-	-
1,62,842 (2020 : NIL) 16% Class B1 compulsory convertible preference shares of Rs 100 each fully paid up*	-	-
Total	927.18	603.82
Less : Current maturities of long term debts	(271.30)	(164.27)
Total non - current borrowings	655.88	439.55

* On 05th Januray 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 redeemable within 13 months from date of issue. (refer note no.44)

16.b Current borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Secured:		
Demand loans from banks	178.00	99.70
Current maturities of long-term debts	271.30	164.27
Unsecured:		
From promoter [Refer note 33]	-	2.16
From Others	229.36	-
Total current borrowings	678.66	266.12

17.a Other non-current financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Capital creditors**	-	-
Total non-current other financial liabilities	-	-

17.b Other current financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Capital creditors**	152.58	428.47
Unearned revenue	82.45	91.36
Application money received for allotment of securities to the extent refundable and interest accrued thereon^	300.00	-
Total other current financial liabilities	535.03	519.83

** 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. (refer note no.44)

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

18 Employee benefit obligations

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Gratuity [refer note:34]	44.40	37.17
Compensated absences	39.55	35.39
Total non-current obligations	83.97	72.56
Current		
Gratuity [refer note 34]	1.45	1.82
Compensated absences	1.64	2.28
Total current obligations	3.09	4.10

Gratuity

The group 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 funded plan and the group

19 Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
Micro and small enterprises (refer note 39)	10.71	-
Related parties [refer note 33]		0.47
Others	232.02	247.08
Total trade payables	242.72	247.55

20 Income-tax liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for income tax (net of advance taxes)	0.26	0.38
Total income-tax liabilities	0.26	0.38

20.a Movement in income-tax liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	0.38	1.00
Tax charge during the year	0.26	0.38
Tax charge in respect to earlier years		-
Refund of taxes		-
Payment of advance tax/tax deducted at source during the year	0.38	1.00
Closing balance	0.26	0.38

21 Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Accrued employee liabilities		
Related parties [refer note 32]	2.33	1.81
Others	67.30	69.52
Directors sitting fees payable	-	-
Statutory liabilities	9.40	18.23
Advance from customers	7.43	5.56
Provision for expenses	21.92	12.38
Interest accrued but not due on borrowings	4.08	0.99
Other payables	11.03	13.05
Proposed dividend on Preferences Shares	0.04	-
Total other current liabilities	123.53	121.53

ESDS Software Solution Limited
Notes Forming Part of Consolidated Financial Statements for their year ended 31st March 2022
(All amounts are in Rupees millions, unless otherwise stated)

As at 31 March 2022

Sr. No	Name of the bank	Type of Facility	O/s amount as at FY End	Interest Rate	Security
1	Axis Bank Ltd.	Term Loans	327.38	Ranging from 8.75% to 8.80%	<p>Primary – First hypothecation charge on entire movable fixed assets financed by Axis Bank Ltd. (both Present & Future)</p> <p>Collateral – Extension of First hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with SBI, excluding receivables charged to SIDBI.</p> <p>Common Collateral (for all the facilities) - Pari Pasu charge with SBI on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>Additional Collateral (for all the facilities) – DSRA of Rs. 4.71 million RD of Rs. 0.5 million per month 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) FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million) Charge on patented technology and patented products of the company</p>
2	Axis Bank Ltd.	Short Term Loans	91.75	8.75%	<p>Primary - First hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with SBI, excluding receivables charged to SIDBI.</p> <p>Collateral – Extension of first hypothecation charge on entire movable fixed assets of the company financed by Axis Bank Ltd.</p> <p>Common Collateral (for all the facilities) - Pari Pasu charge with SBI on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007</p> <p>Additional Collateral (for all the facilities) – DSRA of Rs. 4.71 million RD of Rs. 0.5 million per month 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) FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million) Charge on patented technology and patented products of the company</p>
3	State Bank of India	Term Loans	73.42	10.20%	<p>Primary - Exclusive charge by hypothecation of P&M purchased out of SBI TL</p> <p>Collateral - 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>Common Collateral - Pari Pasu charge with Axis Bank Ltd. on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 1st pari pasu RD of Rs. 0.5 million per month 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) 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) Exclusive charge on FD of 0.25 Cr.</p>
4	State Bank of India	Short Term Loans	36.25	7.40%	<p>Primary - Hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with Axis Bank Ltd, excluding receivables charged to SIDBI.</p> <p>Collateral - Extension of exclusive charge by hypothecation of plant & machinery purchased out of SBI TL, for Bengaluru Data Centre and extension of 1st pari pasu charge by hypothecation of P&M purchased out of the project financed from consortium TLs.</p> <p>Common Collateral - Pari Pasu charge with Axis Bank Ltd. on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 1st pari pasu RD of Rs. 0.5 million per month 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) 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) Exclusive charge on FD of Rs. 2.5 million</p>
4	Clix Finance India Private Limited	Equipment Loan	13.96	12.50%	<p>Primary: First and exclusive charge on the equipment financed by the lender. Lien on Security Deposits of Rs 2.97 million</p>
5	Hero Fincorp Ltd	Equipment Loan	11.32	12.00%	<p>Primary: Hypothecation lien marked on the assets being funded by Hero Fincorp Limited PG of Piyush Somani & Sarla Somani</p>

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7	SIDBI*	RLOC (Long Term Loans)	18.85	10.60%	<p>Primary – 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.</p> <p>Collateral – 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 & 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	12.65%	<p>Primary: Plant and Machinery purchased out of Term Loan</p> <p>Lien on Fixed Deposits of Rs 7.01 million</p>
10	IDFC First Bank	Equipment Loan	3.65	16.00%	Unsecured
11	Axis Bank Ltd.	Auto Loan	0.27	8.90%	Primary: Vehicle Purchased out of Loan
12	Kotak Mahindra Prime Limited	Auto Loan	5.77	9.19%	Primary: Vehicle Purchased out of Loan
16	ICICI Bank Limited	Auto Loan	4.21	8.25%	Primary: Vehicle Purchased out of Loan
17	Indusind Bank Limited	Term Loan	63.94	9.60%	<p>Primary: 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>Collateral: 1) Movable Fixed Assets - First hypothication charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.</p> <p>2) Immovable Assets - First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited & SBI</p> <p>3) FDR/Cash Deposit - First pari-pasu charge on FD of Rs. 5.00 Cr. with Axis Bank & SBI</p> <p>4) Exclusive charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</p>
18	Indusind Bank Limited	Short Term Loan	50.00	9.60%	<p>Primary: 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>Collateral: 1) Movable Fixed Assets - First hypothication charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.</p> <p>2) Immovable Assets - First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited & SBI</p> <p>3) FDR/Cash Deposit - First pari-pasu charge on FD of Rs. 5.00 Cr. with Axis Bank & SBI</p> <p>4) Exclusive charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</p>
19	Axis AIF	Non-Convertible Debentures	300.00	12%	<p>1.First and exclusive charge over Identified Assets such that minrnum 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 including 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>

ESDS Software Solution Limited
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20	South Asia Growth Fund II Holdings	Unsecured Loan	229.36	10.00%	
			1,334.80		

ESDS Software Solution Limited
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(All amounts are in Rupees millions, unless otherwise stated)

As at March 31, 2021

Sr. No	Name of the bank	Type of Facility	O/s amount as on FY end	Interest Rate	Security
1	Axis Bank Ltd.	Term Loans	333.56	Ranging from 8.75% to 8.80%	Primary – First hypothecation charge on entire movable fixed assets financed by Axis Bank Ltd. (both Present & Future) Collateral – Extension of First hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with SBI, excluding receivables charged to SIDBI. Common Collateral (for all the facilities) - Pari Pasu charge with SBI on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 Additional Collateral (for all the facilities) – DSRA of Rs. 4.71 million RD of Rs. 0.5 million per month 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) FD of Rs. 50.00 million with bank’s lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million) Charge on patented technology and patented products of the company
2	Axis Bank Ltd.	Short Term Loans	99.7	8.75%	Primary - First hypothecation charge on entire current assets of the company (both present & future) on pari pasu basis with SBI, excluding receivables charged to SIDBI. Collateral – Extension of first hypothecation charge on entire movable fixed assets of the company financed by Axis Bank Ltd. Common Collateral (for all the facilities) - Pari Pasu charge with SBI on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 Additional Collateral (for all the facilities) – DSRA of Rs. 4.71 million RD of Rs. 0.5 million per month 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) FD of Rs. 50.00 million with bank’s lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million) Charge on patented technology and patented products of the company
3	State Bank of India	Term Loans	108.13	10.20%	Primary - Exclusive charge by hypothecation of P&M purchased out of SBI TL Collateral - 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. Common Collateral - Pari Pasu charge with Axis Bank Ltd. on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 1st pari pasu RD of Rs. 0.5 million per month 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) 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) Exclusive charge on FD of 0.25 Cr.
4	Clix Finance India Private Limited	Equipment Loan	20.31	12.50%	Primary: First and exclusive charge on the equipment financed by the lender. Lien on Security Deposits of Rs 2.97 million
5	Hero Fincorp Ltd	Equipment Loan	24.38	12.00%	Primary: Hypothecation lien marked on the assets being funded by Hero Fincorp Limited PG of Pivush Somani & Sarla Somani
6	SIDBI*	RLOC (Long Term Loans)	47.12	10.60%	Primary – 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. Collateral – 1st charge in favors of SIDBI on cash flows generated from orders to be routed through designated escrow account 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. 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 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 POA in favor of SIDBI for creation of residual charge in favor 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.
7	Tata Capital Financial Services	Equipment Loan	48.47	12.65%	Primary: Plant and Machinery purchased out of Term Loan Lien on Fixed Deposits of Rs 7.01 million
8	IDFC First Bank	Equipment Loan	7.06	16.00%	Unsecured
9	Axis Bank Ltd.	Auto Loan	0.64	8.90%	Primary: Vehicle Purchased out of Loan
10	Kotak Mahindra Prime Limited	Auto Loan	7.51	9.19%	Primary: Vehicle Purchased out of Loan
11	ICICI Bank Limited	Auto Loan	6.46	8.25%	Primary: Vehicle Purchased out of Loan
Total			703.34		

22 Income tax expense

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax		
Pertaining to profit for the current year	4.46	19.28
MAT Credit entitlement	(4.46)	(19.28)
Deferred tax	5.16	32.81
Income tax expense	5.16	32.81
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expenses	(21.47)	87.66
Tax at the Indian tax rate of 27.82% (FY 2020-21 - 27.82%)	(5.97)	24.39
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Corporate social responsibility expenditure not allowed under taxation and Donation	1.06	0.52
14A disallowance	-	0.12
40a		
Deduction Of education cess		-
Change in income-tax rate		-
Loss from foreign subsidiaries	14.21	8.77
Others	(4.14)	(0.99)
Total	11.13	8.42
Net current tax expenses recognised in Statement of Profit & Loss	5.16	32.81

23 Deferred tax (net)

(a) Income tax expense

Particulars	As at March 31, 2022	As at March 31, 2021
Net Deferred tax (assets)/liabilities**	36.14	32.68
Deferred tax assets/liabilities arise from the following:		
Tax credits available:		
MAT credit receivable	62.04	58.02
Mat credit receivable ESDS Internet Services Private Limited	3.00	3.57
Deferred tax assets- ESDS Internet Services Private Limited		
Provision for doubtful debts, doubtful loans and advances	4.71	4.71
Deferred tax assets		
Gratuity & compensated absences	24.02	21.33
Provision for doubtful debts, doubtful deposits and capital advance	47.60	32.83
Disallowances under Sec 40(a) of the Income Tax Act 1961		1.01
Lease liabilities	226.26	287.66
Income tax business loss setoff	91.14	56.62
Impairment of assets	7.68	
	466.46	465.75
Deferred tax liability		
PP&E depreciation and intangible amortization	265.88	218.74
Right use of assets	236.72	272.49
Others		7.20
	502.60	498.43

**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 March 31, 2022	As at March 31, 2021
Opening deferred tax (assets) / liabilities	32.68	19.23
Mat credit entitlement	(3.45)	(19.28)
Gratuity and compensated absences	(2.69)	(7.56)
Provision for doubtful debts, doubtful deposits and capital advance	(14.77)	(5.48)
Disallowances under Sec 40(a) of the Income Tax Act 1961	1.01	(1.01)
IND AS		32.55
Lease liabilities	61.39	(103.19)
Right use of assets	(35.77)	89.03
Income tax business loss setoff	(34.52)	(56.62)
PP&E depreciation and intangible amortization	47.14	77.83
Impairment of assets	(7.68)	-
Others	(7.20)	7.20
Closing deferred tax liability after set off	36.15	32.68

24 Revenue from operations

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sale of services		
Cloud hosting and managed services	1,805.07	1,622.90
Technical support services	88.31	96.37
Licence and Support Services	60.20	
Total revenue from operations	1,953.58	1719.27

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 March 31, 2022	Year ended March 31, 2021
Contract price		
Adjustments for:	1,696.98	1,483.85
Unbilled revenue	339.05	326.79
Unearned revenue	(82.45)	(91.36)
Revenue from operations	1,953.58	1,719.27

25 Other income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest:		
Deposits with banks	12.12	10.02
Income tax refund	0.94	8.55
Others	0.57	0.24
Unwinding of discount on security deposits	3.82	2.17
Foreign exchange fluctuation gain(net)	-	-
Miscellaneous income	-	0.76
Other non-operating income	15.89	
Total other income	33.34	21.74

26 Employee benefit expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	637.26	528.81
Contribution to provident and other funds	23.23	18.49
Gratuity [refer note:33]	12.46	11.83
Compensated absences	14.70	19.96
Employee stock option scheme	5.45	-
Other employee related costs	15.72	11.21
Total employee benefit expense	708.82	590.30

ESDS Software Solution Limited
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27 Finance costs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense:		
Borrowings [net of amount capitalised of Rs Nil (March 2021: 2.3) (2020:11.5)]	102.38	62.98
Lease liabilities	55.51	87.23
Others	8.51	11.95
Dividend on preference share classified as debt	-	-
Other borrowing costs	7.74	9.56
Bank charges	3.04	4.75
Total finance costs	177.19	176.47

28 Depreciation and amortization expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation of property, plant and equipment	233.73	241.76
Amortisation of intangible assets	22.72	9.98
Amortisation of right-of-use asset	145.41	122.19
Impairment of assets	27.61	
Total depreciation and amortisation expense	429.47	373.93

29 Other expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Project servicing cost	95.14	48.61
Rental charges	4.81	11.62
Office expenses	3.09	6.06
Travel and conveyance	17.31	15.59
Communication expenses	108.86	93.39
Contract labour charges	51.29	32.05
Corporate social responsibility expenditure	3.80	3.70
Donations	0.20	-
Rates and taxes	15.69	3.56
Directors sitting fees	1.10	-
Legal and professional charges	51.21	64.14
Loss on sale of asset (net)	0.00	2.34
Sales commission	24.31	12.37
Insurance	9.27	4.93
Advertisement and sales promotion	19.65	20.16
Power and fuel charges	69.96	63.20
Repairs and maintenance:		
Computers	3.98	0.41
Others	3.79	2.01
Membership and subscription charges	83.64	65.99
Expected credit loss allowance [refer note 35]	70.22	46.48
Foreign exchange fluctuation loss (net)	2.51	6.25
Payment to auditors [refer note below]	4.21	1.66
Balances Written off	1.09	0.73
Miscellaneous expenses	12.76	7.40
Total other expenses	657.91	512.65

Payment to auditors

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
As auditor		
Statutory audit fee	3.00	1.00
Tax audit fee	0.60	0.25
Transfer pricing audit fees	0.60	0.35
In other capacity		
Fees for other services	0.01	0.06
Total payment to auditors	4.21	1.66

30 Earnings per share

a) Earnings per share

Particulars	March 31, 2022	March 31, 2021
(i) Basic earnings per share		
Profit attributable to equity shareholders of the Company	(24.90)	53.92
Weighted average number of equity shares**	9,15,71,685	5,22,21,000
Basic earnings per share	(0.27)	1.03
(ii) Diluted earnings per share		
Profit attributable to equity shareholders of the Company	(24.90)	53.92
Weighted average number of equity shares (including potential shares)	9,15,71,685	5,58,79,711
Diluted earnings per share	(0.27)	0.96

** The holding company have approved stock split of one equity share having face value of INR 10 each into ten equity shares having face value of INR 1 each during the period.

b) Profit reconciliation

Particulars	March 31, 2022	March 31, 2021
(i) Basic earnings per share		
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share	(24.90)	53.92
(ii) Diluted earnings per share		
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share:	(24.90)	53.92
Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share	(24.90)	53.92

(c) Weighted average number of shares used as denominator

Particulars	March 31, 2022	March 31, 2021
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	9,15,71,685	5,22,21,000
Adjustments for calculation of diluted earnings per share :		
0.01% compulsory convertible preference shares	-	23,51,477
0.01% class A compulsory convertible preference shares	-	7,71,467
16% class B1 compulsory convertible preference shares	-	1,39,643
Class C Compulsory convertible preference shares	-	-
16% Compulsory convertible debentures	-	3,96,124
Weighted average number of equity shares and potential shares used as the denominator in calculating diluted earnings per share	9,15,71,685	5,58,79,711

31 Contingencies and commitments

i) Capital Commitments

Particulars	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account (net of advances)	36.76	-

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

Particulars	March 31, 2022	March 31, 2021
Claims against the company not acknowledged as debts		
i) Income tax matters [^]	-	-
ii) Other tax matters : GST ^{^^}	43.00	-
iii) Other tax matters : VAT ^{^^^}	7.51	
iv) Other matters : Department of Telecommunications ^{^^^^}	40.62	
v) Performance bank guarantees given to customers	296.24	121.84
Total	387.37	121.84

*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 has received legal opinion to the effect that the claim is neither be sustainable nor likely to lead to any financial claims. The company does not foresee any probable outflow in the matter and accordingly has not specifically disclosed the quantum under contingent liability.

[^]The Directors i.e Piyush Somani and Sarla Somani have received the notices for TDS Prosecution Proceedings of late payment of TDS amounting to Rs. 28.43 millions for AY 18-19 and Rs. 20.24 millions for AY 17-18 made by ESDS Software Solution Limited against which company have filed for compounding application and final demand order is yet to be received from department.

^{^^}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. The reply by the company has been submitted to the CGST department and the management is of the opinion that the claim made by the department is not tenable.

^{^^^}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 .

^{^^^^}In Feb 2022, Company have received the legal notice for non-payment to creditor of Rs.15.38 millions from Sara Infoway ITES India. Company is still assessing the facts and will submit reply for the same.

^{^!} In March 2022, Company have received demand notice under section 32 of MVAT Act,2002 for Rs.2.74 millions for FY 2017-18 which company has filed an appeal against the same and management believes that such claim is not tenable

^{^^^^}Subsidiary company has received a notice from Ministry of communications of Inr 40.62 million for the financial year 2012-13 to 2017-18 for 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]

^{*<} In July 2022, Company have received notice under section 148 of Income tax act,1961 for income escapment amounting to Rs.1346.02 million for AY 2017-2018 and Rs.38.74 millions for AY 16-17 the company believes that the claim is neither be sustainable nor likely to lead to any financial claims. The company does not foresee any probable outflow in the matter and accordingly has not specifically disclosed the quantum under contingent liability.

The Company has claimed refund of Rs. 2.96 million but due to unmatched/VAT returns are not filed by suppliers VAT department has rejected ITC and issued demand notice of Rs. 4.77 million along with interest and penalty. The company has decided to go in appeal as the company is of the opinion that the claim made by the department is not tenable.

32 Related party transactions

Related Party	Relation
<u>Para 9(a)(ii): Individuals having Significant influence over Reporting Entity(RE)</u>	
Piyush Somani	47.49% shares of company
<u>Relatives of such individuals:</u>	
Pooja Somani	Sister of Chairman and Managing Director
Prajakta Somani Jadhav	Sister of Chairman and Managing Director
<u>Para 9(a)(iii): Individuals who are KMP of RE or KMP of Parent of RE</u>	
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)
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)
<u>Para 9(b)(i): Entities that are parent, subsidiary, fellow subsidiary of RE</u>	
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
<u>Para 9(b)(vi): Individual RP as per Para 9a has control/JC over another entity</u>	
Great Ideas in Action LLP	Komal Somani: Designated partner
Resvera Wines Private Limited	Komal Somani: Director

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I Nature of transactions and amounts

Nature of transactions	KMP		Relatives of KMP		Individuals having control over another entity	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Salaries and allowances	11.74	9.93	1.84	4.23	-	-
Director remuneration	10.70	8.79	-	-	-	-
Loan given/(recovered)-net	(2.16)	-	(8.41)	8.50	-	-
Loan taken/(repaid)-net	-	(1.97)	-	-	-	-
Operating and other expenses	-	-	-	-	0.34	0.61
Sales of services	-	-	-	-	0.07	0.01
Director sitting fees	1.10	-	-	-	-	-
Total	21.37	16.75	(6.57)	12.73	0.41	0.62

****Amount paid to Great Ideas in Action LLP for the period ended 31st March,2022 - 0.34 million**

II Outstanding receivable/(payable) balances

Nature of transactions	KMP		Relatives of KMP		Individuals having control over another entity	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Payables towards salary / managerial remuneration	2.33	1.81	0.20	0.31	-	-
Loans payable	-	2.16	-	-	-	-
Loans and advances	-	-	0.09	8.50	-	-
Trade payables	-	0.07	-	0.01	0.64	0.39
Accounts due from	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-

III Amount written off

Particulars	2021-22	2020-21
KMP	-	0.10

IV Compensation to KMP

Particulars	2021-22	2020-21
Short term employee benefits	22.44	18.72
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.

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

Particulars	March 31, 2022	March 31, 2021
Employers contribution to provident and other funds	23.23	18.49
Total	23.23	18.49

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 gratuity plan is a funded plan and the group makes contributions to recognised funds in India. 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. These benefits are funded with an insurance company in the form of a qualifying insurance policy.

(a) Movements in the present value of the defined obligation are as follows:

Particulars	March 31, 2022	March 31, 2021
Obligation at the beginning of the year	39.45	29.06
Transfer In / (Out)		
Past Service Cost		
Current service cost	10.09	9.86
Interest expense	2.68	1.98
Curtailment Cost/(Credit)		
Settlement Cost/(Credit)		
Actuarial losses (gains) arising from change in financial assumptions		-
Benefits paid	(2.63)	(0.91)
Actuarial losses (gains) arising from experience adjustments	(3.56)	(0.53)
Liability at the end of the year	46.04	39.45

(b) Change in fair value of plan assets

Particulars	March 31, 2022	March 31, 2021
Fair value of plan assets at the beginning of the year	0.47	0.77
Interest income	0.03	0.05
Transfer in / (out)	-	-
Benefits paid	-	-
Expected return on plan assets	-	-
Contributions	-	-
Mortality charges and taxes	-	-
Actuarial gain / (loss) on plan assets	(0.32)	(0.35)
Fair value of plan assets at the end of the year	0.18	0.47

(c) The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	March 31, 2022	March 31, 2021
Present value of funded obligations	46.04	39.45
Fair value of plan assets	0.18	0.47
Deficit of funded plans	45.86	38.98
Unfunded plans	-	-
Deficit of gratuity plan	45.86	38.98

(d) Expenses recognized in the Statement of Profit and Loss under employee benefit expenses.

Particulars	March 31, 2022	March 31, 2021
Service cost	10.09	9.86
Net interest (income)/expense	2.65	1.92
Past service cost	-	-
Expected return on plan assets	-	-
Settlement cost/(credit)	-	-
Transfer In/(Out)	(2.63)	-
Net actuarial (gain)/loss recognised in the year	(3.24)	(0.18)
Net gratuity cost	6.86	11.60

(e) Expenses recognized in statement of other comprehensive income:

Remeasurement	March 31, 2022	March 31, 2021
Remeasurement for the year - obligation (Gain)/Loss	(3.56)	(0.53)
Return on plan assets excluding amount included in net interest on net defined liability/(asset) above	(0.32)	0.35
Total Remeasurement Cost/(Credit) for the year recognised in OCI	(3.88)	(0.18)

(f) Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	March 31, 2022	March 31, 2021
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Discount Rate	6.80%	6.80%
Rate of growth in compensation level	7.00%	7.00%
Expected average remaining working lives of employees (in years)	58 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, 2022	March 31, 2021
(i) 1% increase in discount rate	40.21	34.41
(ii) 1% decrease in discount rate	53.07	45.57
(iii) 1% increase in rate of salary escalation	52.98	45.49
(iv) 1% decrease in rate of salary escalation	40.17	34.38
(v) 1% increase in rate of withdrawal	40.35	39.41
(vi) 1% decrease in rate of withdrawal	40.35	39.50

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, 2022	March 31, 2021
Year 1	1.45	1.82
Year 2	1.50	1.32
Year 3	1.44	1.22
Year 4	1.39	1.17
Year 5	1.35	1.13
Year 6 to 10	5.21	3.09

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

Particulars	March 31, 2022	March 31, 2021
Fund Managed by Insurance Company	100%	100%

34 Fair value measurements

Financial instruments by category

Particulars	March 31, 2022		March 31, 2021	
	FVPL	Amortised cost	FVPL	Amortised cost
Financial assets				
Non-current financial assets				
Term deposits with maturity more than 12 months from reporting date		153.70	-	185.91
Security deposits		51.83	-	44.56
Current financial assets				
Trade receivables		638.53	-	466.24
Cash and cash equivalents		350.60	-	143.81
Other bank balances		146.39	-	8.16
Other current financial assets				
Security deposit		33.79	-	23.78
Other loans and advance		0.21	-	(0.00)
Unbilled revenue		339.05	-	326.79
Total financial assets		1,714.09	-	1,199.25
Financial liabilities				
Non current financial liabilities				
Non-current borrowings		655.88	-	439.55
Lease liabilities		608.31	-	578.95
Other non-current financial liabilities				
Capital creditors		-	-	-
Current financial liabilities				
Current borrowings		678.66	-	266.12
Lease liabilities		205.00	-	455.06
Trade payables		232.02	-	247.55
Other current financial liabilities				
Capital creditors		152.58	-	428.47
Unearned revenue		82.45	-	91.36
Total financial liabilities		2,614.90	-	2,507.06

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 fair value - recurring fair value measurements	Level 1	Level 2	Level 3
At March 31, 2022			
Financial assets	-	-	-
Financial liabilities			
Debt component of compound financial instruments	-	-	-

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Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3
As at March 31,2022			
Financial assets			
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
Total financial assets			1,714.09
Financial liabilities			
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			
Current maturities of long-term debts	-	-	-
Capital creditors	-	-	152.58
Unearned revenue	-	-	82.45
Total financial liabilities			2,614.90

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3
At March 31, 2021			
Financial assets			
Non-current financial assets			
Term deposits with maturity more than 12 months from reporting date	-	-	185.91
Security deposits	-	-	44.56
Current financial assets			
Trade receivables	-	-	466.24
Cash and cash equivalents	-	-	143.81
Other bank balances	-	-	8.16
Other current financial assets			
Security deposit	-	-	23.78
Other loans and advance	-	-	(0.00)
Unbilled revenue	-	-	326.79
Total financial assets			1,199.25
Financial liabilities			
Non current financial liabilities			
Non-current borrowings	-	-	439.55
Lease liabilities	-	-	578.95
Other non-current financial liabilities			
Capital creditors	-	-	-
Current financial liabilities			
Current borrowings	-	-	266.12
Lease liabilities	-	-	455.06
Trade payables	-	-	247.55
Other current financial liabilities			
Capital creditors	-	-	428.47
Unearned revenue	-	-	91.36
Total financial liabilities			2,507.07

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
Loss allowance as at April 1, 2019	102.43
Add/(less): changes in loss allowance	
Provision for the year	12.84
Loss allowance as at March 31, 2020	115.27
Add/(less): changes in loss allowance	
Bad debts written off during the year	(11.14)
Provision for the year	46.47
Loss allowance as at March 31, 2021	150.60
Add/(less): Changes in Loss Allowance	
Bad debts written off during the year	(49.73)
Provision for the year	70.22
Loss allowance as at March 31, 2022	171.09

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 31,2022	Current	1 year to 3 years	More than 3 years	Total
Non current financial liabilities				
Non-current borrowings		646.23	9.65	655.88
Lease liabilities		220.35	387.96	608.31
Current financial liabilities				
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
Total financial liabilities	1,350.72	866.59	397.61	2,614.91

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March 31, 2021	Current	1 year to 3 years	More than 3 years	Total
Non current financial liabilities				
Non-current borrowings	-	307.35	132.20	439.55
Lease liabilities	-	149.08	429.86	578.94
Current financial liabilities				
Current borrowings	266.12	-	-	266.12
Lease liabilities	455.06	-	-	455.06
Trade payables	247.55	-	-	247.55
Other current financial liabilities				
Capital creditors	428.47	-	-	428.47
Unearned revenue	91.36	-	-	91.36
Total financial liabilities	1,488.57	456.43	562.06	2,507.06

(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, 2022	March 31, 2021
Receivables (asset)		
USD	0.02	0.87
GBP	0.07	0.08
EUR	0.00	-
AED	-	0.33
Payables (liability)		
USD	0.59	0.23
AED	-	0.02
GBP	0.00	-
Loan (asset)		
USD	-	0.03
AED	-	5.44
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 March 31, 2022	Year ended March 31, 2021
Interest on variable rate borrowings	102.38	46.46

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, 2022	Year ended March 31, 2021
If interest rates:		
Increase by 1%	1.02	0.46
Decrease by 1%	(1.02)	(0.46)

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 period ended 31st March 2022
Employee stock ownership plan expense	5.45

There were no cancellations or modifications to the options in the period ended 31 March 2022.

The carrying amount of the liability relating to the Employee Stock Ownership Plan at 31 March 2022 was Rs. 5.45 million

(d) Reconciliation of outstanding share options

The number share options under the share option scheme are as follows

Particulars	For the period ended 31st March 2022
Options outstanding as at the beginning of the period	-
Add: Options granted during the year	20,45,000
Less: Options forfeited and expired during the year	2,82,000
Less: Options exercised during the year	-
Options outstanding as at the year end	17,63,000

Exercisable at the end of the year

Nil

37 Capital Management

Particulars	As at March 31, 2022	As at March 31, 2021
Debt*	1,334.55	705.68
Cash and bank balances	(350.60)	(143.81)
Net debt	983.96	561.87
Shareholders' Funds		
Equity Share Capital	91.57	52.22
Reserves and Surplus	1,897.04	1,753.04
Total Equity	1,988.60	1,805.26
Net debt to equity ratio	0.49	0.31

* 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 any information from their suppliers for the year ended 31 March ,2022 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 period ended March 31, 2022 and year ended March 31, 2021.

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. 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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
India	1,764.96	1,581.15	4,317.61	3,314.83
Outside India	188.61	138.13	56.81	294.52
Total	1,953.58	1,719.27	4,374.43	3,609.35

Information about major customers:

There is no single customer which contributes more than 10% to the revenue of the financial year ended on March 31, 2022 ; March 31,2021

40 Interests in other entities
40.a Subsidiaries

The group's subsidiaries at 31 March 2022 and 31 March 2021 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 31,2022	As at March 31,2021	As at March 31,2022	As at March 31,2021
ESDS Internet Services Private Limited	India	50%	50%	50%	50%
ESDS Cloud FZ LLC*	UAE	100%	100%	-	-
Spoohub 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, 2022	As at March 31, 2021
Current assets	72.53	50.88
Current liabilities	91.07	71.08
Net current assets	(18.54)	(20.20)
Non-current assets	405.20	430.54
Non-current liabilities	395.61	420.50
Net non-current assets	9.60	10.04
Net assets	(8.94)	(10.16)
Accumulated NCI	(4.47)	(5.08)

Summarised statement of profit and loss	ESDS Internet Services Private Limited	
	As at March 31, 2022	As at March 31, 2021
Revenue	21.15	26.15
Profit for the year	1.22	1.96
Total comprehensive income	1.22	1.96
Profit allocated to NCI	0.61	0.98

Summarised cash flows	ESDS Internet Services Private Limited	
	As at March 31, 2022	As at March 31, 2021
Cash flows from operating activities	-10.94	3.06
Cash flows from investing activities	64.57	60.83
Cash flows from financing activities	(53.11)	(63.74)
Net increase/ (decrease) in cash and cash equivalents	0.52	0.15

41 Additional Disclosure by Schedule III

Name of the entities in the Group	Parent		Subsidiaries									
	ESDS Software Solution Limited		Indian				Foreign				Total	
			ESDS Internet Services Private Limited		Spochub Solutions Private Limited		ESDS Cloud FZ LLC		ESDS Global Software Solution Inc			
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
Net assets (total assets minus total liabilities)												
March 31, 2022	107.79	2,205.28	(0.44)	(8.95)	(0.01)	(0.22)	(6.81)	(139.41)	(0.53)	(10.82)	100.00	2,045.88
March 31, 2021	105.38	1,969.30	(0.54)	(10.16)	(0.01)	(0.20)	(4.26)	(79.59)	(0.58)	(10.86)	100.00	1,868.69
Share in profit or (loss)												
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)
March 31, 2021	162.33	87.08	1.83	0.98	-	-	(63.68)	(34.16)	(0.48)	(0.26)	100.00	53.64
Share in other comprehensive income												
March 31, 2022	100.00	2.34	-	-	-	-	-	-	-	-	100.00	2.34
March 31, 2021	100.00	0.23	-	-	-	-	-	-	-	-	100.00	0.23
Share in total comprehensive income												
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)
March 31, 2021	162.61	87.31	1.49	0.80	-	-	(63.62)	(34.16)	(0.48)	(0.26)	100.00	53.69

* Above disclosure contains figures prior to intra group transactions

42 Ageing Schedule

a) Trade Receivables

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	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)	-

Outstanding for following period from due date of payment as at 31st March 2021

Particulars	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	407.28	87.98	56.97	2.58	15.38	(103.96)	466.24
Trade Receivables-Credit Impaired	-	-	15.65	-	-	(15.65)	-

b) Trade Payables

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

Outstanding for following period from due date of payment as at 31st March 2021

Particulars	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	221.57	25.98	-	-	-	247.55

c) Capital WIP

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

As at 31st March 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
CWIP	2.74	0.96	-	-	3.70

d) Intangible asset under development

As at 31st March 2022

Particulars	Amount of Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Spochub	-	-	-	-	-

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Spochub	-	-	-	-	-

As at 31st March 2021

Particulars	Amount of Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Spochub	46.94	-	-	-	46.94

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Spochub	46.94	-	-	-	46.94

43 Additional Regulatory Requirements

i) Ratios to be disclosed

Ratios as per Schedule III		As at March 31,2022			As at March 31,2021			% Change in Ratio
Particulars	Formulae used for calculation of ratio	Numerator	Denomintor	Ratio	Numerator	Denomintor	Ratio	
a) Current ratio	Current Assets/Current Liabilities	1,957.72	1,788.30	1.09	1,215.88	1,614.58	0.75	31.21%
b) Debt-Equity Ratio	(Non-current borrowings+ Current borrowings)/Total Equity	1,334.55	2,052.74	0.65	705.68	1,866.05	0.38	41.83%
c) Debt Service Coverage Ratio	EBIDTA/Debt obligation	620.18	1,334.55	0.46	638.06	705.68	0.90	-94.57%
d) Return on Equity Ratio	Total comprehensive income/Shareholders Equity	(24.90)	2,052.74	-1.21%	55.08	1,866.05	2.95%	343.28%
e) Trade Receivables turnover ratio	Revenue from operations/Average trade receivables	1,953.58	552.38	3.54	1,719.27	463.56	3.71	-4.87%
f) Trade payables turnover ratio	(Purchase of goods + Other expenses)/Average trade payables	657.91	245.14	2.68	512.65	285.16	1.80	33.01%
g) Net capital turnover ratio	Revenue from operations/(Current assets- Current liabilities)	1,953.58	169.42	11.53	1,719.27	-398.70	(4.31)	137.40%
h) Net profit ratio	Profit after tax/ Revenue from operations	(24.90)	1,953.58	-1.27%	55.08	1,719.27	3.20%	351.30%

Reasons for Change more than 25% from previous year

- a) **Current ratio** : Increase in cash and cash equivalent in FY 21-22 as company have received share application money at year end which lead to increase in current assets and current ratio
b) **Debt-Equity Ratio**: Increase in debt equity ratio is mainly on account of issuance of Non-convertible debentures at year end.
c) **Debt Service Coverage Ratio** : Decrease in debt service coverage ratio is mainly on account of issuance of Non-convertible debentures at year end and unsecured loan in foreign subsidiary
d) **Return on Equity Ratio** : Equity have substantially increased as the compounded financial instruments got converted into Equity shares and rise in securities premium on account of such conversion. The net profits have declined mainly due to increase in employee cost and depreciation cost.
e) **Trade payables turnover ratio**: Increase in Trade payable turnover ratio is on account of decrease in Trade payables
f) **Net capital turnover ratio**: Increase in net capital turnover ratio is mainly on account of increase in revenue as well as a positive working capital gap.
g) **Net profit ratio** : Decrease in net profit ratio is a result of costs increments are not in proportion to the revenue increments

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 Events after balance sheet

a) Pre-IPO Placement:

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.

b) Repayment of Non -convertible debentures

* On 05th Januray 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.

45 FEMA

- i. The company has not made payments against imports within six months from the date of expenditure/shipment. The management of the company represented that it will make an application to Authorised Dealer in due course for condoning of non-compliances and breaches.
ii. The company has received the exports proceeds from the third party for which an application has been made to Authorised dealer and such application is still in process.

46 Previous period figures have been regrouped/reclassified wherever necessary to conform to current periods presentation

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

Sd/-

Ashish Khandelwal
Partner

Membership No.: 049278

Place : Pune
Date : 22/09/2022

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 : 22/09/2022

Sd/-

Komal Somani
Whole Time Director

DIN: 08477154
Place: Nashik
Date : 22/09/2022

Sd/-

Prasad Deokar
Company secretary
and compliance
officer

Membership No.: A34350
Place : Nashik
Date : 22/09/2022

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 31st March 2022. [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 three cities Nashik, Mumbai and Bengaluru.

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 preparation

(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 upto 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 remeasured 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 exchange rates at the dates of the transactions. 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 presentation 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. 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 period ended March 31, 2022.

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)*
Office building	60
Computers and data centre equipment's	3/4/5/6/10/15
Office equipment	3/4/5/8/10/15/20
Furniture and fittings	10
Vehicles	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.

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 derecognition 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.

ESDS Software Solution Limited
Notes Forming Part of Consolidated Financial Statements

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 remeasured 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.

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.

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 recognised initially 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 relates to unbilled work-in-progress as on each reporting date as per terms of the contracts with customers.

2.9 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 derecognition 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 derecognition 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. Note 35 details 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.

Derecognition 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.

2.10 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 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 substantively 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.

2.11 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 remeasured.

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.

2.12 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. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method

Remeasurement 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.

2.13 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.

2.14 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 Group has following streams of revenue:

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

ESDS Software Solution Limited
Notes Forming Part of Consolidated Financial Statements

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 is measured based on transaction price, which is the fair value of consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognized based on the price specified in the contract, net of the estimated sales incentives/discounts. 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.

- (i) 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 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.

2.16 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 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.

Notice to Shareholders

Notice is hereby given that the Seventeenth (17th) Annual General Meeting (“AGM”) of members of ESDS Software Solution Limited (“the Company”) will be held on shorter notice through video Conferencing or Other Audio Visual Means (OAVM) at 11:00 hours (IST) on Friday, 30th September, 2022 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, 2022, together with the reports of the Board of Directors and Auditors thereon and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2022 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, 2022, together with the report of the Auditors thereon and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022 and the report of the Auditors thereon, as circulated to the Members, be and are hereby received, considered and adopted”.

3. To appoint Ms. Komal Somani (DIN: 08477154), who retires by rotation as a director and, in this regard, to consider and if thought fit to pass, with or without modification(s), the following resolution 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, Ms. Komal Somani (DIN: 08477154), 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”.

**For and on behalf of Board of Directors of
ESDS SOFTWARE SOLUTION LIMITED**

sd/-

(Piyush Somani)

**Chairman and Managing Director
DIN: 02357582**

**Date : 22.09.2022
Place : Nashik**

**Registered Officer: Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nashik 422007
CIN: U72200MH2005PLC155433
Website: www.esds.co.in
e-mail: secretarial@esds.co.in**

Annexure to AGM Notice

In terms of Section 152 of the Companies Act, 2013, Ms. Komal Somani (DIN: 08477154) retire by rotation at this Meeting and being eligible, offer herself for re-appointment. Details of Director retiring by rotation as required pursuant to Regulations 26 (4) and 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 are given hereunder :

Particulars	Ms. Komal Somani
Name of the Director	Ms. Komal Piyush Somani
DIN	08477154
Date of birth	June 01, 1986
Age	32 years
Date of Appointment	July 28, 2021
Brief Resume of the Director including nature of expertise in specific functional areas	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, 2022	11
Remuneration for FY 2021-22	Rs.40,00,000/- per annum
Directorships (Excluding alternate directorship, directorships in foreign companies and companies under Section 8 of the Companies Act, 2013.	Resvera Wines Limited
Chairman/Member of the Committee of Board of Directors as on March 31, 2022; A. Audit Committee; B. Stakeholders Relationship Committee	No No
Inter-se relationship between the Directors / Key Managerial Person (KMP)	Ms. Komal Somani (DIN: 08477154) is spouse of Mr. Piyush Somani, Chairman & Managing Director of the Company.
No. of Board Meetings attended during FY 2021-22	9 (Nine) out of 9 (Nine) meetings she was liable to attend in the FY 2021-22

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. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and also vide General Circular No. 02/2021 dated 13th January, 2021 has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) till 31st December, 2021.
6. Company is pleased to inform that, AGM of the Company will be held through, the Two-way Video Conferencing facility;
7. The web-link of the meeting shall be provided in the Email. To access and participate in the meeting, shareholders and other participating stakeholders are requested to install MS Teams and then click on the link provided.
8. 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.
9. 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.
10. Entry to the place of meeting will be regulated by an **Attendance Slip** which is annexed hereto as **Annexure 1** 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.
11. 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 2**.

However, pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

12. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc. authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote pursuant to Section 113 of the Companies Act, 2013 ("the Act"). The said Resolution/ Authorization shall be sent to the Company by email through its registered email address to prasad.deokar@esds.co.in with a copy marked to secretarial@esds.co.in.
13. All the members shall to convey their vote or cast their vote to the resolutions set out in Notice of Annual General Meeting by email through its registered email address to prasad.deokar@esds.co.in with a copy marked to secretarial@esds.co.in, when a poll is required to be taken during the meeting.
14. Since the Seventeenth (17th) Annual General Meeting of Members of the Company is proposed to be convened at Shorter Notice, the Members are requested to submit their Shorter Notice consent to the Company in form mentioned in **Annexure 3**.
15. 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.
16. 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.
17. In terms of Section 152 of the Companies Act, 2013, Ms. Komal Somani (DIN: 08477154), 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.
18. 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.
19. Members/Proxy holders/authorised representatives should bring the duly filled-in Attendance Slip.
20. 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.
21. 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.

ANNEXURE 1

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 **Seventeenth (17th) Annual General Meeting** of the Company, held on Friday, September 30, 2022 at 11:00 am through video Conferencing or Other Audio Visual Means (OAVM).

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 –2

**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 _____ or failing him;

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 **Seventeenth (17th) Annual General Meeting** of the Company, held on Friday, September 30, 2022 at 11:00 a.m. through video Conferencing or Other Audio Visual Means (OAVM). 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, 2022, 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, 2022, together with the report of the Auditors thereon;		
3	To appoint Ms. Komal Somani (DIN: 08477154), who retires by rotation as a director;		

**This is optional

Signed this _____ day of _____, 2022

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.

Annexure 3

Consent for Shorter Notice

Consent by shareholder for shorter notice
[Pursuant to section 101 (1)]

To
The Board of Directors
ESDS SOFTWARE SOLUTION PRIVATE LIMITED
Plot No. B-24 & 25, NICE AREA, M.I.D.C.
SATPUR. NASIK MH 422007 IN

I _____ (name of the shareholder),

_____ (Address)

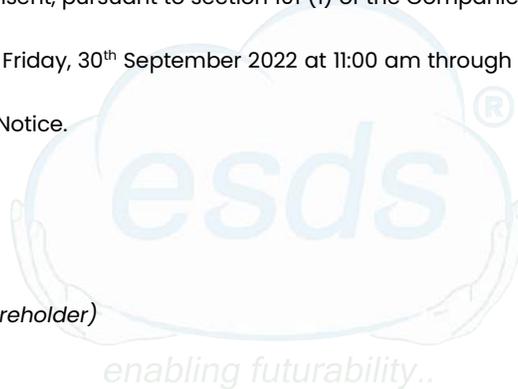
holding _____ (No. of Share) Equity Shares of Rupees 1/- each in the Company

in my own name, hereby give consent, pursuant to section 101 (1) of the Companies Act, 2013, to hold the Seventeenth (17th) Annual General Meeting on Friday, 30th September 2022 at 11:00 am through video Conferencing or Other Audio Visual Means (OAVM). at Shorter Notice.

(Name and Signature of the Shareholder)

Date: _____.09.2022

Place: _____





ESDS Software Solution Ltd.

Head Office | Nashik

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

Corporate Office | Mumbai

Plot No. Gen 71/1 & 71/1/1, Mahape Circle,
Mahape MIDC, Navi Mumbai 400 710.

Regional Office | Bengaluru

1st floor, No 76, 77 & 78(p), New STPI building, Cyber Park,
Electronic City Phase-1, Hosur Road ,
Bengaluru 560 100

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